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# History of THE STATE OF NEW YORK

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ORIGIN OF MORMONISM

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CHAMPLAIN DISCOVERS THE LAKE

JOHNSON HALL 1762

BATTLE OF SARATOGA 1777

H. SEWARD

MARTIN VAN BUREN


GEORGE CLINTON

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HISTORY OF THE STATE OF  
NEW YORK

IN TEN VOLUMES

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EDITED BY  
ALEXANDER C. FLICK  
STATE HISTORIAN

PUBLISHED UNDER THE AUSPICES OF  
THE NEW YORK STATE HISTORICAL ASSOCIATION









*Alfred Smith*



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# HISTORY OF THE STATE OF NEW YORK



VOLUME EIGHT  
WEALTH AND COMMONWEALTH

NEW YORK

M·CM·XXXV

COLUMBIA UNIVERSITY PRESS

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PUBLISHED 1935

PRINTED IN THE UNITED STATES OF AMERICA  
THE PLIMPTON PRESS, NORWOOD, MASS.

## FOREWORD

THE contents of this volume, predominantly economic and social, parallel to a considerable extent the political growth of the state as described in Volume VII. The initial chapter by Henry F. Pringle on "New York in National Affairs, 1865-1935," draws a vivid picture of the commanding part played by New York State in recent American history. Although the narrative clusters about such outstanding statesmen as Grover Cleveland, Theodore Roosevelt, Alfred E. Smith and Franklin D. Roosevelt, whose lives and political activities have been so thoroughly investigated by Mr. Pringle, yet many other leaders of marked ability but holding positions of lesser importance are included to complete the picture of New York's contributions to national politics.

The chapter on "Upstate Cities and Villages" by Margaret Louise Plunkett affords an excellent setting for the discussion of wealth, public utilities and the care of delinquents and unfortunates. Dr. U. P. Hedrick's "History of Agriculture in New York" is the first attempt to include this important subject in a history of New York State. Based on a lifetime of careful study and observation, this chapter is one of compelling interest and a revelation of New York's contributions to this phase of our national life.

Professor H. Parker Willis's exposition of "Wealth and Banking in New York State" is a lucid survey of a complicated, basic aspect of our civilization. It shows why this commonwealth has taken such a commanding place in trade, business and manufacturing; and why New York's ascendancy in wealth is unchallenged. Closely related to wealth and a producer of it is the Port of New York with its numerous advantages. Professor



Robert G. Albion, out of his abundant knowledge of the history of the Port, traces in Chapter V its rise from early days to a position of world primacy. Before the World War, the business of London as a port exceeded that of New York, and Hamburg was not far behind; today New York has outstripped all of its rivals.

Public utilities are such a necessary part of the well-being of our economic and social life that regulation in the interest of the people has become imperative. The history of the attempts at regulation is presented in two fresh and discerning chapters by Dr. William E. Mosher, who has devoted many years to a study of the problem. A history of this commonwealth with its abundant water power, its excellent systems of transportation and its various means of rapid communication, would be incomplete without an adequate, authoritative history of the regulation, for the welfare of the public, of these agencies of modern civilization.

With the increase in wealth and the consequent higher standard of living, more and more attention was given to the establishment of humane institutions. In no field of human interest is there a sharper contrast between colonial days and later times than in the creation of correctional agencies dealing with debtors, delinquents and criminals; and in the public care given to the sick, the needy, the homeless and the unfortunate. The history of this humanitarian work in New York State, so fully explained in Chapters VIII and IX, is the combined product of Dr. Harry Elmer Barnes' extensive knowledge of sociology and penology and of Dr. David M. Schneider's wide experience in the field of social welfare. Although New York borrowed ideas and methods freely from England and from other American states, yet there was much wise experimentation and survey work.

New York's leadership in "The Woman's Movement" was

pronounced and generally recognized, and is clearly set forth in Chapter X by Dr. Amy M. Gilbert, whose well-organized contribution traces the efforts to obtain civil, cultural and social rights from the 1800s down to 1917, when the franchise was granted by the emphatic decision of a popular referendum.

ALEXANDER C. FLICK

ALBANY, NEW YORK

October 11, 1935





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— I —

NEW YORK  
IN NATIONAL AFFAIRS, 1865-1934

HENRY F. PRINGLE

*Author of "Alfred E. Smith: A Critical Study," and  
"Theodore Roosevelt; A Biography"*





## NEW YORK IN NATIONAL AFFAIRS

### FROM THE CIVIL WAR TO GROVER CLEVELAND

NEW YORK'S golden age in the affairs of the nation did not begin until the Civil War had ended. Her sons had been distinguished and had played important rôles, but other men had been at least as influential and had held posts as high or higher. But the golden age began with Grover Cleveland, who demonstrated that stubborn courage could hold back forces which threatened to destroy the nation. It continued as the star of Theodore Roosevelt, so often lost in the fog of political adversity, suddenly emerged and shone steadily for almost eight years. In time New York State, like Wisconsin and Massachusetts, was to be a laboratory for social, political and economic experimentation. The New Deal was to be born there, for good or for evil. One can trace its genesis far back: to a fearful fire which swept through a New York City factory in March, 1911. From the investigations which followed it grew up a new body of welfare and industrial laws. And influential in drafting them were two young members of the New York legislature, by name Alfred E. Smith and Franklin D. Roosevelt.

Perhaps New York's golden age has barely started even now. But for a time New York was important largely because of its great size, because it was the center of the nation's financial interests, because its electoral votes were a vital factor in every presidential campaign. New York saw but two native sons in the White House prior to the Civil War: Martin Van Buren and Millard Fillmore, and the latter succeeded only by reason of President Taylor's death.

From the organization of the government New York has been represented almost continuously on the bench of the Supreme Court, but by a single justice at a time until recently. John Jay

was the first Chief Justice and served from 1789 to 1795; the Associate Justices to 1916 were: Brockholst Livingston, 1806-23; Smith Thompson, 1823-43; Samuel Nelson, 1845-72; Ward Hunt, 1872-82; Samuel Blatchford, 1882-93; Rufus W. Peckham, 1896-1909; Charles Evans Hughes, 1910-16. New York's most important contribution to the bench has been made in the present generation when three New Yorkers have seats on this highest bench: Chief Justice Charles Evans Hughes, appointed by President Hoover in 1930, Justice Harlan Fiske Stone, appointed by President Coolidge in 1925, and Justice Benjamin N. Cardozo, who had presided over the New York Court of Appeals with great distinction, appointed by President Hoover in 1932.

Many New Yorkers were called to presidential cabinets, of course. It is doubtful whether any served, prior to 1900, with such distinction as Secretary of the Treasury Alexander Hamilton. But a large number were essential to the administrations of the men who occupied the White House. Important contributions to America's conduct of foreign affairs were made by William L. Marcy, who was Secretary of State for President Pierce; by Hamilton Fish, who served in the same capacity for President Grant, and by William M. Evarts in the Hayes administration. John A. Dix was Buchanan's Secretary of the Treasury for a short time. The New Yorker who rises above all the others in the Civil War era was William H. Seward, who had hoped that he would be elected President in the place of Abraham Lincoln and who swallowed his disappointment to become Secretary of State in the Lincoln Cabinet.

Seward had long been a leader of the antislavery wing of the Whig party. "Let the Whig Party pass" he said in a speech in October, 1855, when the slavery question had made harmony impossible. Soon it did pass into history, and Seward was a leader of the new Republican party. And so, as the conflict irrepressible

drew closer, New York played its part in the tragedy. Prior to the attack on Fort Sumter, when the "Star of the West" was fired upon, the New York legislature adopted a resolution which offered to President Buchanan both men and money to preserve the Union. Secretary of the Treasury Dix was laboring with energy to prepare the government's finances for the war. The struggle came and finally ended. The era of corruption began. The nation was expanding. New York's rich men, the Jim Fisks and the Jay Goulds, grew richer still as they made their alliances with corrupt politicians. Tweed, as has been related in another volume, rose from a New York ward leader to Democratic boss of New York State. The trail of corruption led perilously close, during the Grant administration, to the White House itself. The harried voter had little to choose between the two political parties in New York. On the Republican side was Roscoe Conkling of Utica; on the Democratic side was Tweed.

But a third New Yorker, Samuel J. Tilden, was destined to defeat Tweed and send that personification of corruption to his well-deserved doom. The Old Guard of the Republican party were able to defeat Tilden in the bitter campaign of 1876, though he carried New York State. Their power was waning, however, and in 1880 Conkling could not bring about the nomination of Grant. So James A. Garfield became President and Chester A. Arthur, an Old Guard henchman, Vice President. The sons of New York have profited strangely by the deaths of presidents. We have seen the case of Fillmore; now Garfield was shot and Arthur, like Theodore Roosevelt two decades later, became chief executive. He was a New Yorker, who had worked his way up the political ladder by taking orders. "Good God! Chet Arthur in the White House!" people said when word of the assassination came. For once, their fears were unfounded. President Arthur lived up to the high office to which he had been called. He severed his old ties. He supported the first efforts



toward civil service reform. He prosecuted fraud and vetoed pork-barrel legislation. By his honesty and integrity he accelerated the disintegration of the Republican party, already torn by internal strife. The nomination of President Arthur for a term in his own right was out of the question as the 1884 campaign approached.

"The party in power is never defeated"; runs an old apothegm of the practical politician, "it is divided by factions and defeats itself." Such was the situation as Grover Cleveland, the honest mayor of Buffalo, became governor of New York on January 1, 1883. Friction among the Republicans of New York grew worse that year. It permitted the youthful Theodore Roosevelt to attain a prominence in the New York legislature which would have been impossible had the party been well disciplined. It was to be a major factor in the election of Cleveland in the fall of 1884. An even more important factor in the overthrow of the G.O.P., which had ruled the nation since the Civil War, was the choice of James G. Blaine as Republican presidential nominee. The "Man from Maine," so long eager to occupy the White House, was discredited in the eyes of the voters. Independent Republicans, in New York and elsewhere along the eastern seaboard more than in the interior, expressed their unwillingness to vote for Blaine. The Mugwump movement gained a strength which astonished and depressed the Republican leaders. The canvass became, not without basis, a choice between honesty and dishonesty, and this time virtue was triumphant.

#### CLEVELAND'S PROGRAM AS PRESIDENT

Grover Cleveland had been a competent but not a spectacular chief executive of New York. He was unknown in the nation. That he could be nominated for President seemed beyond the limits of possibility. But he had certain qualities which were

novel and fresh. He seemed to be quite without personal ambition. Although a staunch conservative, he had progressive ideas on such subjects as corporation control, civil service and home rule. But more than anything else, Cleveland was honest and independent. A cunning politician might have decided that the people, weary of an era of thievery, would welcome a candidate who severed all connections with Tammany Hall. Cleveland severed his connections with the machine in New York City, but he did so without guile. His action captured public imagination. His nomination as Democratic candidate for the Presidency followed, and he was, with the assistance of the Mugwump Republicans, elected by the narrowest of margins.

The people of New York were to delay many years before they appreciated the qualities beneath the colorless exterior of Cleveland. In 1884 the state had, for the first time, a truly great son in the White House. He was to retire from the Presidency in 1897, after an interlude of four years in private life, as the most cordially detested leader in the annals of party politics. He served his party badly because he served his country well. President Cleveland, at the start of his first term, knew little about national affairs. The tariff, a major issue even in 1885, was a mystery to him. His knowledge of finance was meager. Cleveland grew in knowledge as his term progressed, however. Reform of the civil service was among the first problems he attacked.

As Cleveland took office, the Federal government had about 125,000 employees and of this total some 110,000 were appointed at the whim of the party in power. Cleveland promptly ruled that efficient employees would not be removed, no matter how great the pressure of hungry Democrats. Inefficient workers would be dismissed whether Democrats or Republicans. The President did not, it must be conceded, entirely live up to these



rulings. He bowed to politics, but not often. He permitted the energetic Theodore Roosevelt to continue as Civil Service Commissioner in 1893, and he greatly advanced the cause of merit in government employment. When he left office in March, 1897, some 85,000 workers out of a total of 205,000 were in the classified service. The President did not completely satisfy the more extreme among the civil service reformers. But he pleased his partisan followers even less.

The paramount issue during each of Cleveland's terms was money. Was it to be hard money or soft? Were the farmers of the Middle West and the West, already feeling the pinch of the panic years ahead, to pay their debts more easily in a currency depreciated by free coinage of silver? Were the industrialists of the eastern states to demand payments in full? Both political parties had dodged the issue. The Bland-Allison Act of 1878 had provided for limited silver coinage. This was not enough for the free-silver people; it was too much, said the eastern conservatives, for the safety of the nation's finances. President Cleveland had a sound money adviser in the person of Secretary of the Treasury Manning, of Albany. Gold was flowing from the Treasury, to be replaced by silver and silver certificates. In February, 1885, before taking office, Cleveland announced that he favored a law looking toward suspension of the purchase and coinage of silver. Congress voted otherwise. The importance of Cleveland's announcement lay in the fact that it showed where he stood. It gave notice that the new President would take part in no inflationist schemes.

Cleveland was in the White House for four years, and was defeated by Benjamin Harrison in 1888. Then William Jennings Bryan left the plains of his native Nebraska and became a member of Congress. He raised his voice for free coinage. His voice traveled farther and farther as the panic of 1893 oppressed the farmer still more. The nation settled into the abyss of a new de-

pression. Factory fires were banked and the only smoke above the horizon was the smoke of the farmer burning his corn and his grain because they were not worth marketing. Such was the crisis which Cleveland faced in March, 1893, when, his heart heavy with forebodings, he took office for the second time. "It was God's mercy to this country," wrote Senator Allison, "that Cleveland, not Harrison, was elected President."

The issue was clear-cut in 1893. The free-silverites sought to destroy the nation, said the conservatives. The conservatives, said the Populists of interior America, were already erecting the cross of gold on which mankind was to be crucified. The issue, now that 1929 has passed and the dollar has been devaluated, is no longer so clear. It may be that Bryan had reason, not wholly emotion, on his side. But Cleveland never doubted the rightness of his course. No one can question the courage with which he followed it. He ordered that Congress meet in special session in August, 1893. On October 30, the law which had permitted virtually free coinage was repealed. This was the Sherman Silver Purchase Act of 1890. Cleveland was the hero of those who believed in sound money. The alarm which had racked them would have been even greater had they known about the operation on Cleveland's mouth which took place during that summer. This personal crisis was fortunately kept a complete secret and, also very fortunately, Cleveland regained full health.

Another outstanding domestic issue of the Cleveland years was downward revision of the tariff, pledged by the Democratic party in 1884. The fight for it began in earnest three years later. In the course of it, Cleveland, by permitting a tariff debate in a presidential year, tossed away his chances for reelection in 1888. In the fall of 1887, with campaign lines already forming, the President sent his famous tariff message to Congress. The debates in Congress opened in April of the following year and finally, that summer, Cleveland won a partial

victory. The rates were generally lower, but no one was really satisfied.

There were other domestic issues. For decades the Republican party had held its vote by pointing to the perfidy of the South in bringing on, as the G.O.P. spellbinders insisted, the Civil War. The Bloody Shirt was constantly waved on high. Naturally Cleveland, a Democrat, did much to end these rantings when he reached the White House. In 1887, he nominated L. Q. C. Lamar of Mississippi, who had been his Secretary of the Interior, for the Supreme Court, and eventually, despite the rebel-baiters, brought about his confirmation in the Senate. This healed many a Southern wound. The Bloody Shirt was to rise again, as the Republican party returned to power. But it was never as effective.

In his first term Cleveland pressed vigorously for investigation of the railroad scandals. The Interstate Commerce Commission was created in 1887 and the President gave detailed attention to the appointment of proper members. The United States was becoming increasingly conscious of oppressive corporation activities. But the time was not yet ripe for vigorous action by the chief executive. The Sherman Anti-Trust Act was passed in 1890, and a few prosecutions were brought by the Cleveland administration. Judson Harmon, who succeeded Richard Olney as Attorney-General, persuaded Cleveland to inform Congress that the Sherman Act was weak and almost worthless. The President did not accomplish very much toward corporation control, but he did lay a foundation on which Theodore Roosevelt was later to build.

Cleveland stood out against the excessive demands of Civil War veterans for pensions, although he was forced to sign many a pension bill. He was a pioneer in conservation of natural resources and watched, with dismay, the plundering of western timber lands, which he did much to halt. On the rights of labor

his record is less clear. Cleveland was sympathetic enough to organized labor. It is significant that he was the first President to address a message to Congress on this subject; in April, 1887, he said that the relations between capital and labor were unsatisfactory and that there should be some government agency for the arbitration of disputes. This was applauded by the unions and their leaders. But in the Pullman strike of 1894, the President listened too readily to the demands of his energetic and ruthless Attorney-General. Olney wanted the strike crushed. He saw his opportunity when the strikers impeded the movement of the mails and persuaded Cleveland to send Federal troops to Chicago, although neither Governor Altgeld nor Mayor Hopkins had asked for them. It was undoubtedly a mistake from which the cause of organized labor received a setback. But the nation as a whole roared approval, for it was in an extremely nervous condition in 1894. Bryanism and Populism were gaining and Cleveland's action was viewed as an effective blow against anarchy. People did not realize that the strikers were merely poor men, weak and oppressed, who were fighting for their right to live in decency.

The Cleveland years, on the whole, were barren of important events in the realm of foreign affairs. To his credit, Cleveland was sincerely opposed to the increasing clamor of the jingoes, who felt that the United States, by now a full-grown nation, should fight some other nation to demonstrate that manhood had arrived. He upheld the Bulwer-Clayton treaty whereby all nations were to benefit should the United States construct an Isthmian canal. He effected peaceful settlement of the fisheries dispute with Canada. His famous Venezuela message was, on the other hand, unfortunate. Again Olney, by now Secretary of State, was responsible. Great Britain had been embroiled with Venezuela regarding the boundaries of British Guiana. The British government was guilty of inexcusable delays in refusing ar-



bitration. But Cleveland's explosive message of December 17, 1895, was not justified, including, as it did, a threat of war on an insignificant issue.

### THE SPANISH-AMERICAN WAR PERIOD

Doubtless this fanned the flames of imperialism; in any event Theodore Roosevelt was delighted with the message. Otherwise, Cleveland stood firm on his basic principles. The plight of Cuba had already aroused sympathy in the United States, although that sympathy had not yet been raised to war fervor by the journalistic tom-toms of Hearst and Pulitzer. The first insurgent rebellion against Spain took place in February, 1895. Early the following year, Congress recommended that Cleveland grant the status of belligerents to the Cubans, which he refused to do. But in his final message, December, 1896, he pointed to the fact of virtual anarchy which was spreading through the Caribbean. There was a hint, at the least, that the United States, under the Monroe Doctrine, was an interested party.

It is not too much to say that there might have been no war with Spain had Cleveland remained in the White House. The Spanish government, although dilatory, was to make every conceivable concession. McKinley bowed, too soon, to the war party. The stubborn qualities inherent in Cleveland might have averted the foolish contest. But Cleveland could not have been nominated in 1896 even if he had served but one term. He opposed the selection of Bryan. He abhorred the free-silver majority in his party, and took almost no part in the campaign. On November 10, 1896, a "Victory Luncheon" was held in New York at which Republicans and Sound-Money Democrats gathered to rejoice that Bryan had been repulsed. It was only Carl Schurz who remembered the part which Cleveland had played. He proposed a toast to the President: "A bulwark against all financial heresies."

Among those at the luncheon, perhaps disturbed that a Democrat should thus be credited with victory, was Theodore Roosevelt. He was to gain fame in the Spanish War, to win the governorship of New York and to accept, with great reluctance, the vice-presidential nomination in 1900.

Roosevelt carried no torches of liberalism until he had been in politics for many years. He reflected, in his views, the middle-class, mercantile environment of the New York in which the Roosevelts had been important for generations. If he thought about labor at all, it was to view with distrust the demands for shorter hours and higher pay. At first he was a free-trader, because the merchants of New York believed that greater profits lay in the elimination of tariff barriers. Roosevelt changed his mind when he decided upon a political career and discovered that the protective tariff was part of the Republican creed. After graduating from Harvard in 1880, Roosevelt studied law spasmodically and abandoned it. He was elected to the New York legislature that same year and served with such unusual distinction that his party considered him for speaker in 1884. Roosevelt supported Cleveland on civil service reform and other progressive measures. But he was usually suspicious of the New York governor; Roosevelt's partisan qualities had already taken shape and Cleveland was a Democrat.

New York was, with Massachusetts, the heart of the Mugwump movement in the campaign of 1884. Prior to the convention, Roosevelt worked arduously against Blaine, whom he considered unfit for the Presidency. But after the convention, and after considerable hesitation, the young politician decided that regularity was the primary virtue in party government. He supported Blaine. In 1886 Roosevelt ran for mayor of New York and finished last in a three-cornered fight against Abram S. Hewitt. After this defeat, he was plunged into gloom and felt that his public career had ended. It was not until May, 1889,

that he again held public office, as Civil Service Commissioner under President Harrison. Between 1889 and 1895, when he was appointed police commissioner of New York City, Roosevelt did much to strengthen the merit system. In 1896 he campaigned against Bryan, and after the election McKinley rewarded him with the post of Assistant Secretary of the Navy. In that office, Roosevelt built up the navy, and did what he could to bring on the war with Spain. Then he fought in it, and was elected governor of New York. He received the nomination only because Thomas C. Platt, Republican boss of the state, was convinced that no other man could win. Platt's apprehensions were sound; even Roosevelt won by a very small margin.

New York is an essential state in every presidential campaign. Thus every governor of New York is a potential candidate for President, on the theory that he can win, at the least, the support of his constituency. Danger lies in the theory. Alfred E. Smith, who yearned for the Presidency himself, remarked to intimates that "most New York Governors ruin themselves by sitting on the dome of the Capitol at Albany and looking at Washington with a spy-glass." Roosevelt, although he dreamed of the 1904 Republican nomination, did not make this mistake. He was a good governor, although not, as he said of himself, "the best within my time—better than either Cleveland or Tilden." He bowed to Platt only to the extent that practical politics made this inescapable. In the policies he advanced as governor, notably a tax on the franchises of corporations, can be found the basis of the Rooseveltian political and social doctrines. He stood in the center and fought both the radicals and the conservatives.

All in all, Roosevelt was liberal enough to earn the disapproval of Boss Platt and it seemed probable, as the Republican National Convention of 1900 approached, that the governor of New York would be denied a second term. Roosevelt was con-



vinced that such was the case. Otherwise he would have resisted Platt's scheme to make him Vice President on the McKinley ticket. But he was afraid, during the Philadelphia convention, that it was the Vice Presidency or nothing, and so he accepted. In September, 1901, McKinley was assassinated at Buffalo and Roosevelt became President of the United States, the youngest in history. The stock market slumped under the belief that the new President was radical. J. P. Morgan expressed alarm, and Roosevelt advisers urged him to be cautious. For a time he was. Not until 1912, in fact, did Roosevelt move very far toward the left. But the changes he effected as President were extensive and lasting, and the greatest of them was convincing Big Business that it was not more powerful than the government itself.

#### THE SQUARE DEAL OF THEODORE ROOSEVELT

The significance of Theodore Roosevelt lay in the fact that he wished to preserve the existing order. He had been greatly alarmed by the Populist movement of 1896. He was, when in the White House, invariably frightened by manifestations of radical strength. Unless industrial and financial America made concessions, reasonable concessions, the radicals would gain power and possibly overthrow the government itself. So Roosevelt wielded his Big Stick and demanded that the concessions be made. His ideal, as he sometimes phrased it, was "substantial justice." The Roosevelt Square Deal for labor and capital was to provide substantial justice for each. Labor was weak and the "malefactors of great wealth" were strong. So the President aimed his blows against capital.

The Northern Securities case came first. True, it did not have lasting effect. Shrewd financiers were able to evade the terms of this Supreme Court decision, and form holding companies whenever they pleased. But the psychological effect was great. The Northern Securities Company, incorporated at \$400,000,-

ooo in 1901 with J. P. Morgan and Company as financiers, sought a railroad monopoly in the Northwest. It was to acquire control of the Northern Pacific, the Great Northern and the Burlington railway systems. The Sherman Anti-Trust Law was held to be no obstacle. But Roosevelt instructed Attorney-General Knox to file suit for dissolution of the Northern Securities Company, on the ground that it was in violation of the Sherman Act. On March 14, 1904, the Supreme Court of the United States so held.

This was the first blow. The second was Roosevelt's settlement of the coal strike. This was the great struggle of the United Mine Workers of America, led by John Mitchell. The villain in the drama, so branded by Roosevelt at least, was George F. Baer of the Philadelphia and Reading Coal and Iron Company. Mr. Baer was a practical man. He had held that the mining of anthracite coal was "a business, not a religious, sentimental or academic proposition," and he refused to listen to the rising protests of the coal miners. One strike had been called for the summer of 1900, and was settled by a 10-per-cent wage increase, because Mark Hanna, running the McKinley campaign, feared the political effect of a strike. But most of the grievances of the men remained unrelieved. They still lived in company houses for which they paid exorbitant rents. In March, 1902, they demanded another wage increase, a shorter day and fair play in the weighing of the coal which they brought up from the black hillsides.

Mitchell was a reasonable man. The strike began peacefully in May, 1902, with 140,000 miners idle. In general, public sympathy was with the strikers. As fall approached the situation grew acute. The price of coal was rising as winter loomed; soon there might be no coal at all. Senator Henry Cabot Lodge of Massachusetts began to bombard the President with alarming letters. The "insensate folly" of the operators, shuddered Lodge,

might bring about government ownership of the mines unless steps were taken. Roosevelt was puzzled. He had no real authority. Mark Hanna, always filled with contempt for stupid industrialists, had reported that Baer refused to consider a compromise. By October, Roosevelt had decided to act, within the law if he could, and outside of it if necessary.

So he summoned both the operators and the strike leaders to a conference on October 3, 1902. By afternoon it became known that the President's mediation had failed. Roosevelt made no secret of his contempt for the attitude of the operators. He later declared that a general industrial crisis, with results only less serious than those of the Civil War, impended. So he brushed aside legalities and decided that he would send the army into the coal fields and "run the mines as a receiver." Elihu Root went to New York to inform Morgan, and thereby the operators, that this was the alternative to arbitration. After much wrangling, Mr. Baer and his allies finally bowed to the inevitable and a year later the commission of arbitration awarded a 10-per-cent raise in wages.

The coal strike victory and the Northern Securities suit undoubtedly strengthened Roosevelt. He defeated Judge Alton B. Parker of New York, the Democratic presidential nominee, without difficulty in 1904. Strangely enough, Big Business had contributed heavily to his campaign chests, probably on the theory that the worst of Republicans is preferable to the best of Democrats. But Roosevelt had no scruples against further onslaughts on his campaign contributors. He continued his custom of giving reassurance to business in his messages to Congress, then taking action which nullified those assurances. Roosevelt knew little about economics and not much more about constitutional law. But sometimes he saw things with great clarity. In a speech at Philadelphia in January, 1905, he said that the business of the country was being carried on in a manner "of

which the founders of our Constitution could by no possibility have had any idea." Commerce was now almost wholly interstate. The several states were powerless to control it and additional power must be vested in the Federal government. He added: "We do not intend that this Republic shall ever fail as those republics of olden times failed, in which there finally came to be a government by classes, which resulted either in the poor plundering the rich or in the rich exploiting the poor."

So the President called for regulation of railway rates and, in particular, an end of the system of rebating, whereby the Standard Oil Company and other corporations had cleverly killed off their competitors. It was a popular issue; Roosevelt never lost his flair for choosing a popular issue when he decided to fight. The era of railway expansion had ended, and now the public was apprehensive of the octopus they had created by granting free lands and subsidies. The Interstate Commerce Act of 1887, which Grover Cleveland had sought to strengthen by naming efficient commissioners, was virtually invalid. The President did not, at first, ask for the power to fix rates. He said that Congress should have the right to prevent unfair railroad rates, after complaints had been made. The battle started late in 1905 when Roosevelt ordered prosecutions for rebating against the Chicago and Alton and other railroads. The Hepburn Act of 1906, which was passed by Congress after an energetic fight by the President, was a compromise measure. The authority of the Interstate Commerce Commission was extended and defined. Its rate-making powers were augmented. The railroads were required to make public their financial statements and books. But the plea of Robert M. La Follette of Wisconsin that fair rates were impossible without Federal valuation of railroad properties was futile. Roosevelt did not demand fair valuations until he was leaving the White House.

These were Roosevelt's powerful years. He was not the Trust Buster so often described in history. He asked for publicity of



earnings and capitalization of corporations, but President Taft brought many more dissolution suits than did Roosevelt. Roosevelt's attacks on the Standard Oil Company, and the sensational fine of \$29,000,000 imposed by Federal Judge Landis and later set aside by higher courts, were for rebating. But Roosevelt did do battle for pure food. He belabored the Chicago beef packers for their sins. The President's influence lay in what he said, even more than in what he did. He paved the way for more lasting reforms by President Wilson. He borrowed heavily from La Follette's philosophy of government. He even stole an idea or two from his old foe, William Jennings Bryan.

Roosevelt uttered warnings, too, about the abuses against labor; if they continued, disaster would overwhelm the country. Constantly and vigorously, beginning with his term as governor of New York, he crusaded for the conservation of national resources, for the preservation of the nation's forests, oil, water power and other sources of public wealth. But on the tariff he did nothing at all. He confessed on more than one occasion that he did not understand the subject. He left it as a disastrous legacy to his successor, President Taft.

Theodore Roosevelt's participation in foreign affairs was greater than that of any President up to his time. The silly little war with Spain had one profound effect. It ended the insularity of the United States. Suddenly we were the protectors of Cuba. Suddenly we owned those remote dots on the map, the islands whose name not one American in ten could spell correctly, the Philippines. Roosevelt believed, in theory, that the conduct of foreign affairs was simple. He was belligerent in the protection of American rights. He sang the virtues of war. He boasted that peace was secondary to honor. The Monroe Doctrine must be defended at all costs and, in dealing with the countries of Central and South America, the United States was to be a benevolent despot.

Such were his theories, expounded in many a letter and set

forth in an occasional indiscreet speech before he became President. In the White House, however, Roosevelt grew more moderate under the influence of the responsibilities which were his. But he remained, with occasional exceptions, an extreme nationalist in his management of America's foreign affairs. His first major problems were the Venezuela debt friction, which concerned both Germany and the United States, and the Alaska boundary row with Great Britain. Together with his seizure of the Panama Canal, they reveal Roosevelt at his worst. The Venezuela trouble arose over attempts of various foreign powers to collect debts in that turbulent republic. Roosevelt had no sympathy with Venezuela and called her President, Cipriano Castro, "an unspeakably villainous little monkey." His first attitude was that Europe could do anything to get her money except to occupy Venezuelan territory permanently. Then he changed his mind. Extravagant versions of what Roosevelt did were ultimately circulated, partly at his own instigation. He was supposed to have threatened Germany unless she consented to arbitration of her claims. But this was inaccurate. Actually, arbitration ended the friction; Roosevelt had relatively little to do with it.

The discovery of gold in the Klondike in 1896 heightened the interest of both England and the United States in the southern boundary of Canada. The treaty between Great Britain and Russia in 1825 had supposedly fixed the line; and this was, in theory, valid after the United States purchased Alaska. But when gold was found Canada claimed certain harbors which controlled passes to the gold country. Undoubtedly it was an erroneous claim. The United States, however, had been eager for arbitration in the past and now England suggested that this dispute be arbitrated. The President made some violent gestures to express disagreement. He would "run the boundary as we deem it should be run" if England played "fast and loose" in

the matter. Ultimately, Lord Chief Justice Alverstone of England, a member of the commission which met to decide the matter, joined the American members in favor of the American contention. But the incident caused unnecessary hard feeling between the two nations.

The implications of the Monroe Doctrine had been broadened by the Venezuela episode. In the corollary of 1904, Roosevelt went still further. He ruled that the United States was the policeman of the Caribbean and no other nation should so act. These countries were our wards and we would chastise them when they misbehaved. The conception was to cause hatred, for generations to come, in the hearts of Latin-Americans.

The rape of Colombia also caused hatred. A line must be drawn between Roosevelt's great contribution in building the Panama Canal and the method by which he encouraged the Panama revolution. The revolution was staged by adventurers who had acquired the rights of the old French canal company and who wanted to sell them to the United States for \$40,000,000. Colombia wanted more money. As a sovereign nation, it had a right to ask what it pleased. But Roosevelt permitted it to be known that the United States would not interfere should Panama revolt from Colombia. He evolved a specious legal defense for his action and ultimately, in 1921, the United States paid \$25,000,000 to Colombia, although this, said Cabot Lodge smoothly, carried "no admission of wrong-doing."

A happier chapter in Roosevelt's conduct of foreign affairs began with his second term. The policy of the United States in the Far East had been voiced by Secretary of State John Hay in the McKinley administration. It was that America wished equal opportunity to trade. Roosevelt knew that, should either Russia or Japan become too powerful in the Far East, the Open Door might be jeopardized. It was this fear which inspired him to effect peace in the Russian-Japanese war. Of the two nations,



he considered Russia the more dangerous, although he was, from time to time, alarmed by the possibility that Japan might seize the Philippine Islands.

Roosevelt had a fair idea of the relationship between war in the Far East and the tangled network of treaties in Europe. He knew that a European war was always a possibility. But he did not know all the facts, was ignorant that England and France had, already, combined against Germany. He was instrumental in bringing about the Algeciras Conference in 1905, and viewed it as a means whereby the partition of Morocco had been avoided and imperialistic yearnings of the German Kaiser thwarted. He believed that he had halted a European war; actually, the war had merely been delayed. The Algeciras Conference was a victory for France and England, rather than for world peace.

Roosevelt was to be a voice in foreign affairs again when the World War came. By then he had broken with Taft and had, in the creation of the Bull Moose party, accomplished the election of Woodrow Wilson. At first former President Roosevelt supported the neutrality principles of President Wilson. But before long he was demanding participation by the United States on the side of the Allies. He raised his powerful voice in the cause of preparedness. Had he lived, he would unquestionably have joined the foes of the League of Nations.

#### ALFRED E. SMITH AND FRANKLIN D. ROOSEVELT

Before all this occurred, other New Yorkers were stepping from the wings to the national stage. It is necessary to return again to Albany and glance briefly at two legislators who were making their mark in state affairs. One was a poor young man from the sidewalks of East-Side New York, Alfred E. Smith. The other was born in luxury, a graduate of Harvard College. His name was Franklin D. Roosevelt. They were to be allies and then were to part company. Our interest in them, for the mo-

ment, lies in the work they did for the advancement of social welfare in New York State.

Assemblyman Smith was still subservient to Tammany Hall in 1911. State Senator Roosevelt was an independent who had fought the Democratic machine. Another young man who was to play an important part in the New Deal which began on March 4, 1933, was Robert F. Wagner, who in 1911 was temporary president of the state Senate. By 1911, Smith and Wagner had already worked together for progressive legislation; for a Federal income-tax amendment and for a state department of conservation. But the impetus toward social reform which, in time, was to make New York outstanding in that field came from the tragic deaths of 150 young working girls. On March 25, 1911, the factory of the Triangle Waist Company in New York City caught fire. The exits were blocked and 150 of the young women employed there were burned to death. The public was horrified. Miss Frances Perkins, also to become a New Dealer in due time, was instrumental in forming a Committee on Safety and out of this, with the assistance of Smith and Wagner, grew the New York State Factory Investigating Commission.

It deliberated for six months, with Wagner as chairman and Smith as vice chairman. It investigated hours of labor, safety laws and working conditions. In the 1912 legislative session, Wagner and Smith pressed for the passage of remedial legislation and were ably assisted by Senator Roosevelt. Al Smith's work with the commission marked his emergence from the ranks of Tammany henchmen. He visited scores of factories himself and, for the first time, saw the state as a whole. His power increased when he was made speaker of the lower house. He prepared himself for really outstanding work in the constitutional convention of 1915 where, said Elihu Root, Smith was the best informed delegate on the business of New York State. But

Smith, Bob Wagner and Roosevelt were to be separated for a time. Smith became sheriff of New York County. Wagner, before long, was to be elevated to the supreme court bench. Roosevelt had succumbed to the charms of Woodrow Wilson and, at Washington, was Assistant Secretary of the Navy.

The golden age of New York was getting into full swing. Smith took office as governor of the state in January, 1919. Interest in government was at a low ebb. The nation had just gone through the war. New York had, on the whole, been loyal to the program of President Wilson. One of Smith's first acts was to create a commission which would deal with the problems of war reconstruction, see that veterans were properly cared for, and remedy the very acute housing situation. Soon Smith was busy with the projects which were to make him so outstanding among governors of New York. He asked for health and maternity insurance, pure milk for children, better hospitals for the sick and insane, for a popular referendum on the Federal prohibition amendment soon to be presented to the legislature for ratification, for an accounting of campaign expenditures, and for improved penal institutions. These were important matters and many of them were to be achieved.

More important was Smith's insistence upon reorganization of state departments to eliminate waste and inefficiency. Most important of all was the man himself. As 1919 began, the nation was suffering from the hysteria which war induces. Apprehensions regarding radical activities were widespread and duly elected Socialist assemblymen were denied their seats at Albany. Smith was no Socialist; he was not even an outstanding liberal. But the Socialist ouster caused him to speak on behalf of the right of minorities, and this became a fundamental plank in his platform of political convictions. He resisted with equal vigor the proposals to license teachers on the basis of their political beliefs, the attempts to enact censorship of books, theaters and motion

pictures. He was the foe of prohibition when even its enemies were inclined to believe that the Eighteenth Amendment would remain in the Constitution for all time. All this was vital to the nation itself. New York's tolerance shed its rays over the rest of the United States. Its tolerance was very largely inspired by that of Governor Smith. But he was becoming weary of his job. He had sought the nomination for President in 1924. Opposed by William G. McAdoo, he had been defeated in the deadlock which disrupted the Democratic National Convention at Madison Square Garden. Smith had announced, when elected governor for the fourth time in 1926, that he would never run for the office again. If he was not to be President, it was clear, he would return to private life.

Meanwhile Franklin D. Roosevelt had passed through his fearful ordeal of infantile paralysis. He had joined forces with Smith prior to 1924. Smith was the liberal candidate for the Democratic nomination. He had fought the Ku Klux Klan and had dared to repeal New York State's prohibition enforcement act. Roosevelt, as Smith's manager, stood for liberalism, too. From Roosevelt's own viewpoint, however, the Democratic Convention was important because it marked his emergence into public life from the obscurity into which his illness had cast him. Franklin Roosevelt was again the leader of the Smith forces four years later. He again made an outstanding impression as he placed Smith's name in nomination at the 1928 convention at Houston, Texas. He consented to run for governor of New York to help the national ticket. Smith lost the state to Herbert Hoover, but Roosevelt was elected.

In its broader aspects, the program of Smith was continued by Roosevelt at Albany. He asked for public control of hydro-electric power. He recommended old-age pensions, relief for agriculture, reform of local government and reform of the courts, both civil and criminal, but his achievements as governor were



obscured by the fact that he was a candidate for the 1932 Democratic presidential nomination. New York City had been torn by new revelations of graft on the part of Tammany Hall and demands for sweeping investigations were made. For a time, Roosevelt was accused of being subservient to the New York organization. He was elected for his second term in 1930 by 725,001 votes, the largest plurality in the history of the state; meanwhile, in New York, a legislative committee was planning to investigate the city government.

Charges were filed against New York's district attorney. Roosevelt designated Samuel Seabury, a distinguished jurist, to investigate them. Then charges were brought against Mayor James J. Walker and the final chapter was a series of hearings before the governor. Walker made a bad witness in his own behalf. Roosevelt promptly demonstrated an attitude of stern impartiality. Ultimately Walker resigned. The effect was a complete break between Roosevelt and Tammany Hall. It was with this handicap and with the knowledge that his old-time friend, Al Smith, had become a rival that Roosevelt approached the Democratic Convention of 1932. He had prepared his lines carefully, however. He received the nomination and began his campaign.

### THE NEW DEAL

It is far too early to write the story of the New Deal. The events since March 4, 1933, have been kaleidoscopic. The National Recovery Act was unconstitutional; no one yet knows whether the Agricultural Administration Act is a success or failure. It may be that history will decide that a revolution actually occurred, and that the fundamental nature of the American government was changed. But the fact remains that Roosevelt has received no grant of power which Congress cannot, if it chooses, take back. True, there have been almost incredible changes. But no vast new plan of government, good or bad, is

yet discernible behind them. Perhaps Roosevelt's own analysis—that he had been experimenting and will continue to experiment—should be accepted at its face value. A few facts may be set forth and a theory or two, the latter with all due humility and the knowledge that all answers lie in the future.

"The issue of government," said Candidate Roosevelt in a speech in San Francisco in the fall of 1932, "has always been whether individual men and women will have to serve some system of government and economics or whether a system of government and economics exists to serve individual men and women."

There is a familiar ring to this; two decades before another famous New Yorker had said that government, by which he meant the people, was bigger than banking or industry—by which he meant, no doubt, the economic system. But Theodore Roosevelt did not face the crisis which Franklin Roosevelt faced. It cannot be doubted, whatever else the future holds, that history will confirm the reality of the perils which confronted the nation in 1933. These were not merely the perils of hunger, unemployment and financial distress. The greater danger lay in a growing despair that the American system no longer functioned. The banks were closed. The river of commerce had dwindled to a stagnant, motionless swale. From the prairies of the Middle West, where once the voice of Bryan rose in measured cadences, came disquieting reports. Farmers had taken the law into their own hands. They had declined to permit the foreclosure of their land. In the cities, men no longer felt that it was necessary to pay their debts. In city streets, the shuffling feet of homeless men stumbled on their way from bread line to charity lodging houses.

Every man [said Roosevelt, in that same speech in San Francisco—perhaps the most important speech he has made] has a right to life; and this means that he has also a right to make a comfortable living. . . . We have no actual famine or dearth; our industrial and

agricultural mechanism can produce enough and to spare. Our government, formal and informal, political and economic, owes to everyone an avenue to possess himself of a portion of that plenty sufficient for his needs, through *his own work*.

The italics are mine. The New Deal includes a Planned Society, but not a society which owes a living to the man who does not care to work. Men might decline, "by sloth or crime," to exercise their right to the full life. Further: "Every man," Roosevelt said, "has a right to his own property; which means a right to be assured, to the fullest extent attainable, the safety of his savings." In these statements lies the clue to the New Deal. It is to be noted that the N.R.A. was a device whereby men shall earn more by *working*. So is the A.A.A. Even the Conservation Camps were based on the conception that men without jobs were to earn their bread by *working* in the forests.

It may be said with some certainty that the Roosevelt program does not contemplate an end of individualism. "There are certain things you *cannot do*," the New Deal might be said to declare, "so that your fellow men *can do* those things which make possible a comfortable living, adequate savings for old age, protection against illness." Thus bankers are no longer to plunder their own stockholders; the security markets are to be curbed; the farmer is to control his production so that his fellow farmers shall receive a fair price for their crops. Profit is still to be the goal for which men labor.

Such was the philosophy of the Roosevelt program; a program inexact as to detail, subject to frequent change. It lay behind the attempt to raise prices, through the N.R.A. and the A.A.A. It lay behind the flight from gold and the devaluation of the dollar. Mr. Roosevelt has called it "an economic constitutional order." Time, alone, will hand down the verdict of its effectiveness.



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## THE UPSTATE CITIES AND VILLAGES

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## THE UPSTATE CITIES AND VILLAGES

### NATURAL AND ARTIFICIAL INFLUENCES UPON THE GROWTH OF CITIES

THE growth of the city as a social phenomenon and as an economic unit was largely a development of the nineteenth century, but the location of the fifty-three cities of upstate New York was determined by nature long before the white man set foot upon the soil. Had the state been explored and settled after the development of steam locomotion, this might not have been true, but the pioneers of the seventeenth and eighteenth centuries, limited in their means of travel and surrounded by trackless forest, had little choice but to settle where nature had provided a means of access and of livelihood. In the early days, the first interest of the incoming pioneer, whether priest, fur trader, soldier or farmer, was therefore in navigable waterways. Without these natural highways, the richest treasure of the hinterland must have remained inviolate.

New York State was richly endowed in this respect. Four great river systems watered its fertile soil, and hundreds of lakes, large and small, formed connecting links between drainage areas or provided independent highways of travel. Most important historically and economically have been the Hudson-Mohawk and Hudson-Champlain systems. These ancient highways made possible the early penetration of the state by the white man. For 150 miles one could ride the Hudson on the tides. Numerous tributaries throughout its course made the back country accessible. At the head of deep-water navigation new vistas opened out. To the west lay the Mohawk, navigable for its entire length of 120 miles, except at Cohoes and Little Falls where land carries were necessary. Near its headwaters, an ancient Indian portage connected the river with Wood Creek, which flowed into Oneida



Lake. From here the Oswego River made it an easy journey to Lake Ontario, and thence to Canada. Flowing into the Oswego River from the west, the Seneca River opened a way into the Finger Lakes region. These almost uninterrupted water courses made the little Dutch settlement at Fort Orange one of the most strategic points on the continent—one that was long contended for by Holland, France and England.

Hardly less important was the highway which lay to the north of the junction of the Hudson and the Mohawk. The Hudson itself was navigable as far as Fort Edward, whence a carry of fourteen miles brought the traveler to another Wood Creek which flows into Lake Champlain. One hundred and fourteen miles northward this lake enters the Richelieu and eventually the Saint Lawrence. It was by this route from Canada that Champlain first came to claim the land of the Six Nations, and it was on this natural highway that many a battle was fought for the prize of the rich land to the south. Another route ran overland from Glens Falls to Lake George and thence into Lake Champlain.

The northern part of the state is rich in yet other rivers, though none forms so continuous a highway or has had so important an influence. The Black River, taking its source near the headwaters of the Mohawk, flows northwest into the Saint Lawrence. Since the era of canal building, a canal has joined the two rivers uniting the Saint Lawrence with the Hudson. The Oswegatchie, the Grass, the Raquette and the Saint Regis water the extreme northwestern parts of the state.

West of the Finger Lakes, the Genesee River was identified with a region famous throughout the state and the entire country. With its tributaries, it watered hundreds of thousands of acres of soil unsurpassed in fertility. In the early nineteenth century, this region became a Mecca for those seeking a new field of enterprise. Down the waters of the Genesee came Col. Nathaniel

Rochester from Hagerstown, Maryland, to found what is now the third largest city in the state. Still farther west Tonawanda and Buffalo Creeks joined the Niagara River and Lake Erie, making perfect sites for later settlements.

The southern part of the state lies in an entirely different drainage area. In the extreme southwest, the Allegheny River provided water communication with the Ohio Valley. The extensive Chemung-Susquehanna system watered the south-central part of the state. The Canisteo and Cohocton from the Genesee country joined near Painted Post with the Tioga to form the Chemung. At Athens, just south of the state line, the Chemung met the Susquehanna coming from the east. This latter river with its tributaries, the Tioughnioga, the Chenango and the Unadilla, flowed through a productive region destined to become famous for its herds and dairies.

The map of New York State shows at a glance the preëminent importance of rivers and lakes in the origin of the upstate villages and cities. Wherever one stream or body of water joined another, or wherever falls created sufficient power to turn a wheel, there a settlement was almost certain to arise. Many such communities have come to be the foremost cities of the state.

Other natural factors influencing the location of settlements were the special resources of certain regions. Albany and Oswego were founded on the fur trade. The abundant forests of the state not only supplied each community with material for its homes, bark for its tanneries and wood for its potasheries, but made Ogdensburg and Albany notable lumber markets. Salt and gypsum were the very corner stone of Syracuse. Salt also played a considerable part in the growth of Ithaca and Watkins Glen. Because of the glacial deposits of sand and clay along the Hudson, that valley has become one of the famous brickmaking regions of the world. The rich iron deposits of the Lake Champlain area contributed to the growth of Troy as an early center

of iron manufacture. The mineral springs of Saratoga, Clifton, Richfield and Sharon have created well-known health resorts. The rich soil and temperate climate of the Genesee country, unrivaled for the growth of fruits and wheat, fostered the development of Rochester as a milling center and port for the shipment of fruit, grain and flour.

It was inevitable that communities devoted to the development of natural resources should arise as soon as the territory could be opened to settlement. But settlement proved to be a long and dangerous ordeal. During the colonial period, many factors operated to restrain immigration. The powerful Iroquois, jealous of their lands and of their position as middlemen in the fur trade between Albany and the Far West, kept settlers close to the occupied areas along the Hudson. The Dutch system of granting large estates to wealthy patroons, and later the English colonial land policy, discouraged enterprising commoners who might have defied the Indians to establish new outposts of European civilization. Until 1763, the menace of French invasion from the north was never absent.

The influence of these discouraging factors may be the more readily appreciated by noting what happened after the close of the American Revolution. The Sullivan-Clinton campaign of 1779, although not immediately terminating Indian attacks on frontier settlements, so broke the power of the Iroquois that they could no longer be regarded as an obstacle to occupation of the soil. Eighteen million acres of land were thus opened by treaty to white settlement. The restrictive land policies of the British government disappeared overnight. The Military Tract of 1,680,000 acres, embracing all of the present Onondaga, Cortland, Cayuga and Seneca Counties and parts of four others, was given as bounty lands to Revolutionary soldiers. The settlement in 1786 of the dispute between New York and Massachusetts opened the rich lands of the Genesee Valley to occupation. Small

tracts could be bought by the humblest frontiersman at a low price. In those vast regions the day of the lord of the manor and tenant farming was over.

Results of these changes were apparent at once. Restless inhabitants of the older sections of the state, from Pennsylvania and New Jersey and large numbers from New England, swarmed into the new territory. The appetite for land was voracious. Between 1786 and 1800 the whole central part of the state, as well as some northern counties, was settled. Westward migration seemed to reach new heights during the last decade of the century. On one day in February, 1795, an Albany citizen counted five hundred sleighs going through the city, headed for the western lands. Winter seems to have been a favorite time for migration. Then the roads were frozen, making traveling less difficult, and homesteads could be established before time for the spring planting. To encourage the settlers, the land companies "planted" towns on their holdings and erected mills. Occasionally cattle were furnished. By the falls of the rivers and at the junction of two or more water courses, communities sprang up without artificial stimulation. The early history of one such community is essentially that of all. First came the sawmill, followed, sometimes many years later, by a gristmill and tannery. Lumber was floated down the river in trade, as was pearlash and potash, made from wood unfit for other uses; wild and domestic animals furnished the skins, and the bark of trees the dressing, for local tanneries. Surrounding fields came under cultivation. Years might pass, however, before a community took on a character all its own.

The most influential factor in the development of these communities was improvement in the means of transportation. In the Hudson Valley, roads had been opened to afford communication between Albany and New York and with the thriving towns on the river. Stages in this region were common in the



1790s, and in 1793 a stage line was established between Albany and Canajoharie on the Mohawk. But west of the settlements on the upper Mohawk, the pioneer must still travel chiefly by natural waterways, or struggle through the forests and swamps on old Indian trails. William Cooper's experiences in founding a settlement in Otsego County in 1785 furnish a vivid picture of the primitive condition of the state at this time. Settlements in this region had grown rapidly after 1763 and a well-traveled trade route had passed through it, connecting the Mohawk Valley and the headwaters of the Susquehanna, but Indian and Tory warfare between 1774 and 1783 had completely wiped out all signs of civilization. When Cooper came into this region after the Revolution, he found a wilderness

where there existed not an inhabitant, nor any trace of a road; I was alone [he said], three hundred miles from home, without bread, meat, or food of any kind; fire and fishing tackle were my only means of subsistence. I caught trout in the brook and roasted them on the ashes; . . . I laid me down to sleep in my watch coat, nothing but the melancholy wilderness around me. In this way I explored the country, formed my plans of future settlement, and meditated upon the spot where a place of trade, or a village should afterwards be established.

As late as 1794, he says, "there were neither roads nor bridges," except what the settlers themselves constructed for their own immediate needs.

In spite of such difficulties, settlers continued to move into the new country in increasing numbers. As they came, the demand for improved roads became more and more insistent. Without easier and quicker communication, the economic survival of the new communities would be impossible. In 1796 the Great Genesee Road was begun at Utica, site of an ancient fording place on the Mohawk, and the point where those going to the



western country left the river to travel overland. By 1799 the road had been completed as far as Le Roy, beyond the Genesee. It brought ever-increasing numbers to these fertile valleys. Along the way thriving communities developed. Auburn, founded in 1793, grew rapidly, as did Seneca Falls. Geneva and Canandaigua immediately felt the effect of the road, the former changing as Elkanah Watson says, from "a small, unhealthy village, containing about fifteen houses, all log except three, and about thirty families" in 1791 to "not only an elegant but salubrious village" in 1818, with a population close to two thousand. A turnpike craze overwhelmed the country and for the next twenty years public funds as well as private savings were invested in turnpike building. In turn, the roads built up the western country and supplied the kind of communication which had been so disastrously lacking in certain parts of the state at the beginning of the War of 1812.

Valuable as the turnpikes were, they soon became inadequate for the commercial needs of the territory they served. The expense of transporting by land the grain, fruit, lumber and other produce coming in increasing quantities out of the western counties was almost prohibitive. The cost from Buffalo to New York was \$100 a ton; the cost from Buffalo to Montreal by water was only \$30 a ton. It is estimated that the wheat farmers paid \$3,000,000 a year to transport their grain and flour to the Hudson. As a result, these commodities began to find their way southward by water to Baltimore, Pittsburg and New Orleans, or northward to Montreal, robbing New York City of its promise as a trading center.

New York State met this challenge to her commercial prestige by building the Erie Canal. Villages along the canal turned almost miraculously into cities, and cities grew where forests or swamp lands had held undisputed sway. In the decade 1820-30, the population west of Oneida Lake grew twice as rapidly as

that in the eastern part of the state. Buffalo's population increased by 314 per cent, and Rochester's by 421 per cent. The struggle for the Great Lakes trade and the trade of the upper Mississippi Valley was over, and New York had won.

The success of the Erie Canal created an enthusiasm for canals which surpassed even the turnpike craze of a few years before. Almost every community situated on a river or lake stirred with ambition to become a great port. Canals were proposed that could not possibly have been a financial success, but others, such as the Chemung and Seneca with its feeder to Corning, the Cayuga and Seneca connecting the two largest of the Finger Lakes, the Champlain joining the Hudson River with Lake Champlain, and the Oswego connecting Lake Ontario with the Erie Canal, were highly useful to the state. The canals made possible the movement of bulky produce at very low cost. Within a few years after the opening of Clinton's Ditch, tonnage rates between Buffalo and New York had dropped from \$100 a ton to \$6 a ton. Furthermore, the canals encouraged the concentration of population in cities by transporting raw materials from long distances to points where water power could turn them into manufactured goods. Demand for labor increased and industrial communities such as Rochester, Buffalo, Troy, Cohoes, to mention only a few, grew up. New York City had become the busiest port in the nation, and the state had been industrialized. The railroads were partly responsible for this, but the influence of the canal can hardly be overestimated. Today 80 per cent of the people of the state live within ten miles of its modern counterpart, the State Barge Canal and the Hudson waterway.

Soon after the canals began to function, the application of steam power to the problem of transportation further revolutionized the industrial and commercial world. Steam power had been used to some extent on boats ever since Robert Fulton's experiment with the "Clermont" in 1807, but it was not until

the late 1820s that steam was applied to transportation by land. A year after the Erie Canal was completed, the first railroad, the Mohawk and Hudson connecting Albany and Schenectady, was chartered and completed in 1831. An impelling motive in constructing the road was the jealousy of Albany and Schenectady toward the village of Troy, which lay near the terminus of the Erie Canal and consequently was becoming important as a point of transfer for goods traveling by the canal route. But the road had a greater significance than this. It initiated a new era in the industrial and commercial life of the state.

During the thirties and forties, the railroads struggled to gain a foothold. At first "public inertia, vested interests, and competition with canals and waterways made progress in railroad building exceedingly slow." Jealousy of the railroads was given official sanction in a law passed in 1833, forbidding the transportation of freight by rail between Utica and Schenectady. The state did not propose to have its \$10,000,000 investment in a canal wiped out by the privately owned "steam monster." But the rapid growth of the western counties and the increasing trade from the Great Lakes area forced a change of policy. By 1840, the canals could no longer accommodate the increasing flow of trade seeking to come through the state. If New York was to maintain her commercial advantage, she could not sacrifice this western trade. Consequently, in 1844, the railroads gained the privilege of carrying freight during the closed seasons on the canals, provided they paid a toll to the state. In 1851, the year of the completion of the Erie Railroad, all restrictions were removed and the railroads were free to expand as rapidly as they could.

Proponents of the early railroads were persistent and enthusiastic. In 1831 charters were applied for involving \$22,000,000. Many of the proposed roads were illusory, but, after the first enthusiasms and failures, the promoters of railroads accom-

plished much in developing the latent wealth of the state. During the 1830s, many short lines were constructed, chiefly in the central and eastern parts of the state. These various lines, connecting New York and Buffalo, were finally united in 1853 to form the New York Central Road.

The Erie line, starting near New York City, and running to Dunkirk on Lake Erie, extended the market for New York City by making cheap, swift transportation available to the counties of the Southern Tier, which had not felt the benefits of the Erie Canal to any great extent. Their produce had continued to go down to Philadelphia and Baltimore. This situation persuaded the state legislature in 1838 to appropriate funds for the construction of a railroad through this area and, after many vicissitudes, the road was completed in 1851. New cities, such as Binghamton, Elmira, Hornell and Corning, sprang up on the line and the trade of this extensive area was saved to New York City.

The railroads directly affected the growth of cities. Some, such as Hornell, Lackawanna and Salamanca, are forever marked as "railroad towns." To all localities the roads brought directness, speed and continuity of transportation. No longer was it necessary to locate a town on a navigable stream or even within hauling distance of a canal. The iron rails could go anywhere. They extended the markets for farm produce as well as for manufactured goods, and, as the canals had done before them, brought raw materials close to manufacturing centers. Increasing manufactures created a demand for labor and hence encouraged immigration as well as the movement of the rural population to the towns. Between 1840 and 1860, "markets for manufactures grew at a rate not only equalling the accelerated growth of population, but even exceeding it." Thus the railroads gave the final stimulus to the industrialization and hence the urbanization of the state.



## THE CITIES OF THE HUDSON VALLEY

The Hudson Valley was naturally the first region of the state to be settled by Europeans. Five years after Henry Hudson sailed up the river, the Dutch established Fort Nassau and a trading post on Castle Island near Albany; and in 1624 they built Fort Orange on the mainland, where thirty families, mostly Walloons, were settled under the ægis of the Dutch West India Company, but the progress of the settlement was slow. The West India Company was more interested in the fur trade than in colonization, and therefore did little to encourage the extension of the settlement. In 1646 its population had grown to only one hundred.

After the final British acquisition of the colony in 1674, Fort Orange, rechristened Albany, began to show more enterprise. By this time, some of the surrounding country had come under cultivation, the Indians had been conciliated and circumstances were more favorable for expansion. Governor Dongan granted the village a city charter in 1686 which guaranteed it a monopoly of the fur trade. This monopoly insured the economic prosperity of the city, and by the middle of the eighteenth century it ranked as the second largest fur mart on the continent. Albany also carried on an extensive river trade in lumber, flour and pease. Its wheat was reckoned "the best in all North America, except that from Sopus or Kingston." During the last half of the eighteenth century, exports to the West Indies and European ports of flour, fish, lumber, horses and fruit were common. After 1750 the fur trade began gradually to fall off, but trade in grain, lumber and fruit constantly grew. It is fitting, however, that the seal of the city should be a beaver, since without the fur trade the settlement could never have gained a foothold.

Following the American Revolution an influx of New Englanders contributed more enterprise to the city than it had



known under Dutch or English rule. The French traveler La Rochefoucauld-Liancourt comments in 1795 on the slowness of development of Albany and attributes it to what he terms "the timid yet covetous Dutchmen," but at the very time he wrote Albany was beginning to expand. It became the state capital in 1797. Extensive trade was carried on, not only up the Mohawk and down the Hudson, but also with Vermont and New Hampshire. Ninety-five boats engaged in river traffic. A nail factory was established in 1787, as well as the tobacco mills of James Caldwell, which later achieved much local fame. In 1813 the gazetteer of Horatio Spafford said that "as a manufacturing town, Albany is entitled to a very respectable rank." Its quantity of wheat was "immensely great." "The great roads and communication between the Eastern States and the Western country centre more extensive intercourse at Albany, than at any other place between the Eastern and Western sections of the Union." The opening of the Erie Canal accelerated Albany's expansion. From 1825 Albany's story is one of constant growth as a manufacturing and commercial city. The early connections of the railroads along the Hudson and up the Mohawk increased its importance as a trading center. By 1860 it was the second-largest lumber-exporting city in the country, being a market for western lumber as well as for that of New York State. The New York Central shops and cattle yards had been established at West Albany. Albany foundries in 1883 employed 4,000 men and distributed \$3,000,000 worth of stoves. Today Albany is an important center in the United States for the transshipment of freight and, by virtue of its new port, near the outlet of the State Barge Canal, has sufficient depth of water to accommodate 90 per cent of the freight ships afloat. Directly across the river, and part of the Port of Albany, is the city of Rensselaer, built on the site of old Fort Crailo where Yankee Doodle was written. For all practical purposes, it is a part of Albany and is known

as a manufacturing center for aspirin, woolen blankets and chemicals.

Closely associated with Albany today are its neighbors at the head of Hudson River navigation, Troy, Cohoes, Waterford and Watervliet. All are manufacturing centers. Most of this territory was originally within the Manor of Rensselaerswyck and maintained some small settlements. It was not until after the Revolution, however, that these communities began to develop. With the disappearance of British restrictions on manufacturing and trade, it was possible for the inhabitants to take advantage of the natural water power and ease of communication with the interior of the state and with New England. Unexcelled water power existed at Cohoes, but it was not until 1811 that a manufacturing plant was established there. In that year the Cohoes Manufacturing Company began the production of tools and writing paper, thus laying the foundation of a new industrial community. The completion of the Erie Canal brought new inhabitants and stimulated trade. Cotton mills were established, as well as machine shops and foundries, and it is for these two branches of manufacture that Cohoes is chiefly noted today. The first knitting machine to be run by water power was put into operation here. Cohoes expanded rapidly after the coming of the railroads and the resulting extension of the market for its goods. In 1870 it was incorporated as a city. Its fame until recent years has rested chiefly on its woolen and knitting mills, its iron factories producing axes and edged tools, machinery and bedsteads, and its manufacture of paper and paper boxes.

Opposite Cohoes and the outlet of the old Erie Canal and of the modern Barge Canal lies Troy. Flax and hemp grew uncultivated and wheat produced large harvests in early days. Although first settled in 1659, it remained simply the farm of the Van der Heyden family until after the Revolution. Then

the heavy migration of New Englanders quickly transformed it into a manufacturing and trading community of importance. From the very beginning it showed enterprise and bustle. The citizens of the village were determined to outgrow Lansingburg, an older village just north, now part of the city of Troy, and the natural advantages insured success. Troy lies at the head of navigation on the Hudson and opposite the mouth of the Mohawk. The roads east of the Hudson converged at a ferry that had early been established here. The Champlain Canal gave it unlimited markets to the north. The shipping of grain and the export of lumber, paper and potash gave it its start. The War of 1812 accelerated its growth, since it lay on the route by which troops and supplies moved to the north, resulting in its incorporation as a city in 1816. By 1830 the manufactures which have placed Troy among the first cities of the state were established. As in the case of Cohoes, the weaving and knitting of cottons and woollens took front rank. In 1827 the first detachable collar was made by a Trojan housewife. Since that time, Troy has come to be known as "the collar city." It is also a principal manufacturer of men's shirts. Of equal importance with the knitting mills were the foundries. The rich iron deposits of the Lake Champlain area were near at hand and were the means of making Troy famous as a center of stove manufacture as well as of other heavy iron products. Carriages and coaches made in Troy rolled in every state in the Union.

Several inventions of importance have come out of the furnaces and foundries of Troy. Machine-made rail spikes were patented here; the rotary concentric squeezer introduced a new method of puddling iron. The one-piece horse shoe was evolved in the Burden Iron Works. In 1843 a typesetting machine was invented by a Troy citizen. During the Civil War, a Troy foundry made the metal plates for the "Monitor," and at about

the same time three citizens of Troy introduced into the United States the Bessemer process of making steel. Owing to its interest in transportation, the city very early became involved in railroad building. These roads, together with the canals, have pumped lifeblood into the industries of the city. Today Troy is "the wholesale and retail center and the principal market for a population of half a million in the fertile agricultural regions to the north and west."

North of Troy, the Hudson River reaches three smaller cities. Mechanicville is an important railroad transfer point. The region of Saratoga Springs is known for its Revolutionary battles, as well as for its healing waters. It is said that Sir William Johnson was the first white man to visit the springs. He was followed by other celebrities, and early hostelrys were opened for the accommodation of the afflicted. Today the natural springs, now being developed by the state, bring life and health to thousands. Fifty miles north of Albany is the village of Hudson Falls, first settled in 1763 and now the county seat of Washington County. West of it is the city of Glens Falls. In the middle of the last century, both places were important lumbering centers. Glens Falls had an annual output of 70,000,000 feet of logs. Mills clustered about the place, turning logs into boards, staves and other products. Cement is also an important article of manufacture in these regions, and dairying is highly developed.

The cities of the Hudson Valley below Albany have a collective individuality which sets them apart from all other cities in the state. Their importance in the economic development of the state came early and declined after 1825, but historically they have much interest. The Hudson Valley was settled gradually during the seventeenth and eighteenth centuries. Various nationalities found refuge here. French Huguenots settled at Newburgh, Kingston and New Paltz. Later, Scotch, English



and Irish settled in the Newburgh region. More than two thousand Palatines came to the Hudson Valley in 1710 and from there most of them migrated to the Schoharie Valley. The cities that grew up along the river are now old and a little sleepy, but they were once bustling commercial centers for the trade of the back country, Massachusetts and Connecticut on the east, and the region watered by the upper Delaware on the west. As long as river transportation was undisputed, they prospered. With the advent of the Erie and minor canals and later of the railroads to the interior, they declined as trading centers. Owing to rich deposits of sands and clays in the Hudson Valley, every community on the river had its brickyards. They also did a large lumber business and had ships in the Liverpool and West Indian trades. Today they all have some manufacturing interests and are points of shipment for the products of the fruit belt in which they lie, but the days of their glory are past.

Newburgh, first settled by Palatines in 1708 and a colonial shipbuilding and lumber center, was made famous because of its associations with Washington. Its turnpikes to Port Jervis and westward gave it considerable trade prior to the opening of the Erie Canal. Since its incorporation as a city in 1865, its industries have grown and give employment to a population of 31,000 (1930). At Poughkeepsie, a Dutch settlement in 1698, now having 40,000 inhabitants, the New York State Convention met in 1788 to ratify the Federal Constitution. It was incorporated as a city in 1854. Located here is the oldest degree-granting college for women in the United States, founded upon the profits of Matthew Vassar's brewery. Kingston, first known as Esopus and chartered in 1661 by Stuyvesant as Wiltwick, shares with Albany the distinction of being among the earliest Dutch settlements. It was incorporated as a city in 1872. The surrounding country, watered by the Rondout, the Wallkill and the Esopus Creeks, yielded high-grade wheat. It



was rich also in limestone and clays for the making of cement and glass. After the building of the Hudson and Delaware Canal, joining Kingston and Port Jervis, Kingston drew off much of the interior trade that had formerly gone to Newburgh. The village of Catskill in the late eighteenth and early nineteenth centuries was an important point of departure for those going to the West. The Catskill Turnpike, following an old, much-trodden route, took travelers by way of Wattles Ferry on the Susquehanna through Ithaca and Bath to the western and southwestern counties. After the coming of the canals and railroads, its importance declined.

Hudson has a unique history. It was settled in 1783 by thirty Quakers from Nantucket, who came here to set up a base for whaling operations. Two years later it was chartered as a city—the third in the state. Elkanah Watson describes it in 1788 as a “commercial city with wharves, warehouses, docks, shipping and the din of industry.” By 1800 its population had grown to 5,000 and it was a port of entry. Every occupation connected with whaling and sailing flourished. It became an exporting point for the products of western Massachusetts, and sent its ships to the seven seas. Its exports included meats, fish, staves and wheat. During the War of 1812, its commerce was largely destroyed and manufacturing began to take its place. Whaling remained profitable, however, until about 1850. Cement and brickyards and knitting mills have since replaced the older and more romantic occupations of this city that once grew faster than any other city in the state, but now numbers only 12,500 people (1930).

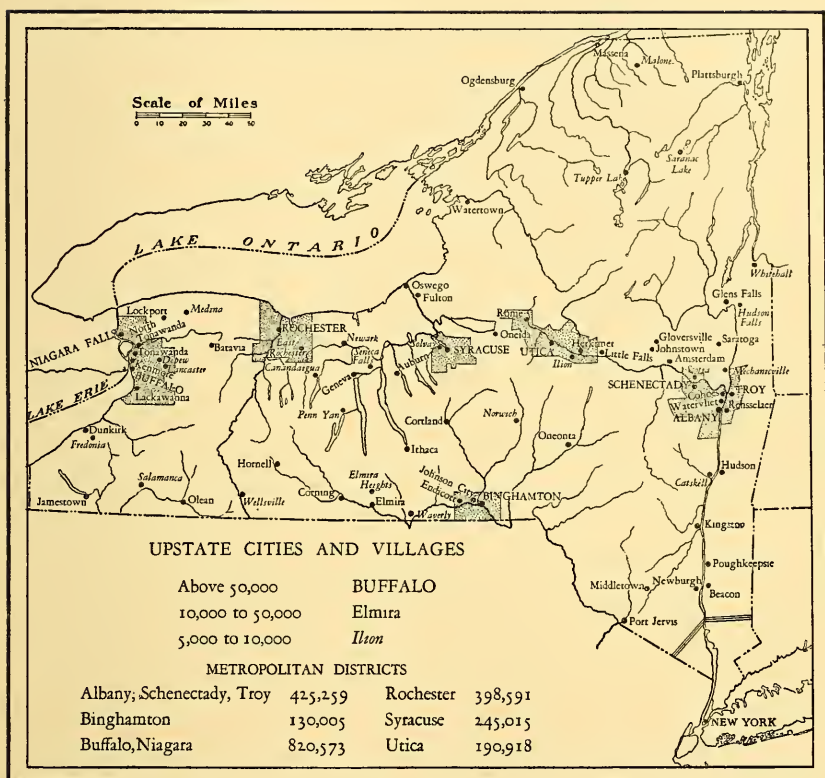
The cities of Westchester County, Yonkers (1872), White Plains (1916), Mount Vernon (1892) and New Rochelle (1899), and the village of Port Chester (1868), fall into a different category. They, too, are old and are rich in Revolutionary memories, but today their transportation facilities and industrial

development make them in effect a part of the metropolis at the river's mouth.

### THE CITIES OF THE MOHAWK VALLEY AND ALONG THE ERIE CANAL

The Mohawk Valley may be regarded, historically and commercially, as a western extension of the Hudson Valley, a part of a continuous water passage from the Atlantic Ocean to the Great Lakes. Occupation of this region was slow, owing to Indian hostility, French aggression and perhaps to the character of the Dutch settlers themselves, who, though industrious, were not particularly adventuresome. As late as 1791, the Dutch stolidity yet remaining in the valley inspired Elkanah Watson to say that "although they are situated in a country abounding in resources, yet they will not depart from their old track, and strike off into a new road, which would lead them to affluence."

The first permanent advance into the valley came in 1664, when Arent van Curler built a fort and stockade about twenty miles west of Albany on the present site of Schenectady. The Mohawk River, on whose banks this new settlement rose, constitutes the only natural east-west passage through the Appalachian barrier, and hence it was prized by both Indians and whites from earliest times. Schenectady was the point where traders coming eastward left the river to make the overland journey to Albany, since the Cohoes falls made difficult further navigation to the east. Bearing this in mind, it is easy to see how a settlement at this place would become an important trading town, as well as a point of transfer for goods. Because of the Albany monopoly, however, Schenectady was forbidden to engage in the fur trade, and so developed first as an agricultural community. In 1690 came one of those devastations that harried the valley until after American independence.





Frontenac sent a raiding party of French regulars and Indians to destroy the outlying English settlements. Schenectady was burned to the ground, but was rebuilt and continued a slow growth. In 1795 Schenectady became the seat of the new Union College, and also "a port of entry and departure of produce and supplies by the bateaux and canoes of the Inland Lock and Navigation companies"; in 1798 it was incorporated as the fourth city in the state; and later, was on the route of the Erie Canal. New facilities for transportation and the constant stream of travelers passing through on their way to the West contributed to its growth. In modern times the location here of the American Locomotive Works, occupying ninety acres on the banks of the Mohawk, and of the General Electric Company, the largest manufacturer of electrical appliances in the world, has made Schenectady an industrial city of importance. The village of Scotia across the Mohawk is economically a part of Schenectady.

In the eighteenth century, settlement proceeded slowly up the river. One hundred and fifty Palatine families settled in the Schoharie Valley in 1714. From here, some moved to Pennsylvania, and others went up the Mohawk to Little Falls and German Flats. The village of Fonda and the city of Amsterdam, lying west of Schenectady, are closely associated with Sir William Johnson, though the latter place was first settled by a Dutchman, Philip Groat, in 1716. In 1738, Sir William came here as a land agent for his uncle, and the surrounding country has ever since been a memorial to his work. Amsterdam was very late in reaching village status, but its location on the Erie Canal contributed to its growth, and in 1840 came the lucky accident that has made the city famous throughout the nation. In that year William Greene, originally of Connecticut and then of Poughkeepsie, removed himself and his six looms to Amsterdam, where he set up a modest carpet-making estab-



lishment. The business grew rapidly. Others imitated Greene and likewise his success, until today Amsterdam is one of the largest producers of carpets and rugs in the world. The carpet makers later branched out into the field of knit goods and hosiery, which are now also extensively manufactured here.

A few miles northwest of Amsterdam are Johnstown, a memorial to its founder, and Gloversville, fittingly named for its chief product. Settled by New Englanders just after the close of the Revolution, they had begun by 1803 the manufacture of gloves. The abundance of hemlock bark for tanning encouraged the business. Today, in their glove factories, they produce three-fifths of the nation's output.

The city of Little Falls is situated where the Mohawk River drops forty feet on its eastward course. In colonial days it was the point where river traffic disembarked to go overland to still water above. A tavern and landing place inevitably grew up here, as well as gristmills and sawmills. After the Revolution an influx of English, Welsh, Irish and Scotch diluted the original German-Palatine character of the place. Commerce grew with the building of a three-mile canal around the falls by the Inland Lock and Navigation Company. The Erie Canal brought an even greater stimulus to trade. During the nineteenth century, Little Falls was a great cheese market, an outlet for the rich dairying counties to the south. Like all other Mohawk towns it has today cotton and woolen mills and leather-goods factories. At a short distance from Little Falls are the villages of Saint Johnsville; Herkimer, named for the gallant German who directed the battle of Oriskany; Fort Plain; Canajoharie; Ilion; and Frankfort. Today they make one industrial community, producing knit goods, typewriters, rifles, prepared foods and office furniture.

West of this group is Utica, built upon the site of old Fort Schuyler at the fording place on the Mohawk. It is today a

city of over 100,000 population. The French wars inspired the building of a fort at this point, a junction of many trails, but the place began to develop as a town only after the American Revolution. Then the western migration brought thousands to the Great Ford, and a village grew and prospered. In 1796 the Genesee Road took its start here. At this time, also, the Holland Land Company began a sugar-cultivation experiment on its lands just north of Utica, which brought new settlers. Stages made Utica a center of land travel, and boat lines on the river did a thriving business. Manufactures began to develop after the building of the Erie Canal. The railroads, completed early between Utica and Schenectady and Utica and Syracuse, increased the business of the place, and later lines north to the Black River country and south to Binghamton maintained Utica's ancient prestige as a center of transportation. Toward the middle of the century, it began to develop as a textile city. Its economic life today centers in its three hundred cotton, textile and knitting mills, while large lumber and foundry enterprises also flourish.

The history of Rome goes back to dim forests and laden Indian canoes. This city of 32,000 has grown up on the site of the old Oneida carrying place between the upper Mohawk and Wood Creek. Here in colonial days stood Fort Stanwix, where in 1777 St. Leger was held back on his way to Albany, and where many Indian treaties have been made. Following the Revolution, immigrants from New England swarmed into the region and began to build a village on the site of the old fort. It remained for the canals to bring commercial life to Rome. The Black River Canal terminated here, and brought the Saint Lawrence Valley to central New York. Near-by, Governor Clinton turned over the first earth for the Erie Canal in 1817, and today the improved Barge Canal goes through the city. During the early years of settlement, all of the Mohawk Valley

yielded enormous crops of fine wheat, but with the opening of the Genesee country the communities on the Mohawk turned to manufacturing. Soon after the Revolution, Paul Revere founded a copper-working shop at Rome, and today Rome calls herself "the copper city," producing one-tenth the nation's copper products. The small pleasant city of Oneida, southwest of Rome, is the center of a prosperous agricultural region, and near-by is the tiny city of Sherrill, home of the Oneida Community.

Oswego, on Lake Ontario, has a more romantic flavor than many larger cities. In colonial times, it was a busy fur market, much hated by the French because it paid twice as much for furs as the Montreal dealers and consequently drew off the best trade. So strategic was its location at the mouth of the Oswego River, looking toward the whole of eastern Canada, that Governor Burnet erected a fort here in 1727. During the French wars and the American Revolution, invading armies from the north entered the state by this port, advancing over the Wood Creek-Mohawk Valley trail to the settled parts of the province. Professor Brigham has said that if nature had provided a navigable connection, instead of Niagara Falls, between Lake Erie and Lake Ontario, Oswego rather than Buffalo would have developed as the state's greatest lake port. In recent years, Canada has provided in the Welland Canal what nature scorned, and Oswego today has a large port on the lake shore at the terminal of the State Barge Canal. Through this improvement in her harbor, she hopes once more to advance into the front rank of New York's commercial cities. The city of Fulton, on the Oswego River, has been built up by its excellent water power, which is used largely for pulp and paper mills.

The early history of Syracuse, Rochester and Buffalo is in large measure the history of the Erie Canal. It is true that there was some settlement in these regions as soon as the land was

opened for occupation, but the means of transportation were so limited that little commerce, and therefore little industry, could develop. With the building of the Erie Canal, however, the western part of the state gained direct water communication with both the Hudson Valley and the Great Lakes. Its expansion was thereby assured.

The vicinity of Syracuse had been visited, in the middle of the seventeenth century, by French priests, in an endeavor to establish Catholic missions among the Iroquois. While here the priests discovered the salt springs which were later to be the foundation of Syracuse. The castle of the Onondaga Indians stood south of the city. Presently traders, followed by a few home-builders, came into the region. Asa Danforth, one of the earliest of these, built a sawmill and a gristmill in 1788. Onondaga County was the heart of the Military Tract, which was cut up into lots for Revolutionary soldiers. The abundance of fertile lands and of salt springs attracted large numbers of settlers, and by 1800 the towns of Onondaga County were filling rapidly. For many years, however, the present site of Syracuse remained a swamp. The importance of the salt springs was not overlooked by the state, and in 1797 it took over, as its share of the Indian lands ceded in 1788, the area in which the springs were located. The establishment of the village of Syracuse was due in large measure to the efforts of James Geddes, one of the first settlers to make salt on a large scale. At the turn of the century, he persuaded the state legislature to sell to private owners 250 acres of its land. This tract later became the downtown section of modern Syracuse. The early salt industry was handicapped by lack of easy communication with its possible markets. Roads were few and bad, and salt was bulky and heavy. It was not until the completion of the Erie Canal that the settlement could prosper. Immediately the canal showed its influence. Syracuse was incorporated as a village in 1825, and



as a city in 1847. Salt and Syracuse became synonymous terms. The abundance of gypsum and its combination with salt resulted in the production of valuable chemical products. The peak of the salt trade was reached by 1862, but the industry continued to be of importance for the next twenty years. After the discovery of other salt sites and the falling off of the supply in this region, Syracuse turned to other industries, such as the manufacture of typewriters, automobiles and machinery of various kinds. When her final history is written, however, the honors of transforming a desolate swamp into a large industrial city must go to the salt springs and to the Erie Canal.

Rochester had a more fortunate natural location than Syracuse. About six miles south of Lake Ontario, within the limits of the present city, the Genesee River falls in three great cascades. Here in 1789, Ebenezer Allan first built a saw- and grist-mill for the use of the few white families who then lived in the Genesee country. New York and Massachusetts had only recently settled their conflicting claims to this western territory, and it was not until the Treaty of Big Tree in 1797 that the Indian title was extinguished. As soon as the land was opened for sale, pioneers, chiefly from New England, flocked into the region, and by 1820, 100,000 inhabitants were turning the "shining valley" of the Genesee into a famous wheat land. On the site of Allan's old mills at the falls, a busy community was growing up. It had been laid out by its owner, Col. Nathaniel Rochester of Hagerstown, Maryland, in 1811. In 1809 the site had been described in the state legislature as "a God-forsaken place inhabited by muskrats, visited only by straggling trappers, through which neither man nor beast could gallop without fear of starvation or ague." Eight years later, the village of Rochesterville was incorporated. Flour mills, supplied by the wheat lands to the south, began the industrial activity of the place. The Erie Canal brought it the necessary cheap



transportation. By 1826, 160 canal boats were owned by Rochester citizens. Between 1823 and 1835, the flour mills increased from 7 to 18. Between 1816 and 1835, the population grew from 330 to 14,000. Migration to Rochester from 1830 to 1840 was so great that sufficient housing was difficult to provide. At the same time, tanneries, iron foundries, lumber mills and brick-yards were being established. As early as 1834, Rochester spectacles were advertised, forecasting one of the modern city's great industries. Henry O'Rielly wrote in 1838 that Rochester, through its manufacture of fine edged tools, had made America "independent of Sheffield and Birmingham." With the rise of the milling cities of the Middle West, Rochester lost her pre-eminence as "the flour city," only to gain a new reputation for fine fruits, shrubs and all kinds of nursery and orchard products. Her manufactures have concentrated more and more upon clothing, optical goods, thermometers and other delicate instruments, and film and photographic supplies. The establishment here of the Kodak factories has brought not only industrial prosperity, but cultural prestige. Rochester's early interest in music is now honored and embellished by its nationally famous Eastman School of Music, connected with the University of Rochester.

Buffalo, with its 500,000 population, is the center of the state's heavy industries and one of the nation's busiest inland ports. In 130 years it has grown from a straggling frontier post to the second largest city in the state and the ninth industrial city of the nation. Its growth has been due in large measure to its situation at the junction of two commercial highways, the Great Lakes and the Erie Canal. Niagara Falls, by preventing navigation from Lake Erie to Lake Ontario, made Buffalo the eastern terminus of the Great Lakes trade, and thus the logical point for the transshipment of goods. The history of the city begins with the purchase of land on the shores of Lake Erie by

the Holland Land Company in 1790, and the establishment there of the village of New Amsterdam in 1803. Ten years later, during the war with England, the village was burned to the ground. The rebuilt settlement grew slowly until the completion of the Erie Canal, then rapidly. The harbor was deepened to accommodate lake vessels, and the produce of the Mississippi Valley and of the Great Lakes region began to flow through Buffalo into the Canal. Between 1825 and 1830 entering tonnage increased six times over; population quadrupled; lumber, grain and meat crowded the warehouses. By 1850, 600 sailing vessels and 150 steamers made Buffalo their eastern terminal. The early fifties contributed new gifts to Buffalo's commercial development. In 1851 the Erie Railroad was completed to the lake; in 1853 the short lines across the central part of the state were consolidated to form the New York Central; and in 1854 a railroad to Pittsburgh opened the way to Pennsylvania coal. Buffalo became a notable railroad center, and until the end of the century its interests continued to be commercial rather than manufacturing. Since 1900 Buffalo has swung into its industrial development. Key industries such as steel, rubber, lumber and grain have located here. Twenty-nine grain elevators, with a capacity of 50,000,000 bushels, indicate the return of the city to first place among the milling centers of the nation. The location of Buffalo at a point convenient to the coal and ores of Pennsylvania and Lake Superior, and in contact with world markets, induced the Bethlehem Steel Company to construct a plant here in 1900. Since then Buffalo has become a major steel center. It also manufactures one-fourth of the nation's airplanes. It is an important market for Canadian as well as American lumber. The opening of the Welland Canal and the possible development of the Saint Lawrence international waterway may lessen Buffalo's importance as a shipping center in the future, but its strategic location in respect to raw

materials, its diversified transportation facilities, and its tremendous water power furnished by Niagara Falls will ensure its position as a notable manufacturing city. The cities of Tonawanda, North Tonawanda, Lackawanna and Dunkirk, while overshadowed by Buffalo, nevertheless share the trade of the Great Lakes. The city of Niagara Falls, with more than 75,000 people, is the home of almost limitless water power, now utilized throughout the state, and a number of thriving industries. Batavia, the seat of the Holland Land Company, is the center of a rich fruit section.

### THE SUSQUEHANNA-CHEMUNG VALLEYS AND THE FINGER LAKES REGION

The vast expanse of land watered by the Susquehanna-Chemung River system was first opened to white settlement by the Sullivan-Clinton expedition of 1779. Before the Revolution, no white man had ventured to settle, with any hope of safety, west of the Unadilla River. As soon as the Revolution was over, however, settlers, a large part of whom were Revolutionary soldiers, began coming into the region. In general, they came by one of two routes, either westward by the road from Catskill to Wattles Ferry and thence southwest on the Susquehanna, or overland to the Finger Lakes region; or northward from Pennsylvania by way of the Susquehanna and out into Steuben and Allegany counties by way of the Chemung and its branches. The eastern part of this territory is watered by the Susquehanna and its principal tributaries, the Tioughnioga, the Chenango and the Unadilla. William Cooper described this region in 1800 as favorable to the growth of all kinds of fruit, and of potatoes "equal to the Irish." Its mutton was "fat and juicy," and on its bottom lands grew excellent hemp and "a surprising quantity of wheat." It remains a rich agricultural region and the finest dairying section in the state.

At the southern tip of Otsego Lake, where the Susquehanna takes its source, is the village of Cooperstown, once a busy trading place, but more famous now as the home of James Fenimore Cooper and his *Leather Stocking Tales*, and as the birthplace of the great American game, baseball. The place was founded by one man, William Cooper, whose recorded experiences of pioneering remain a gem in the literature of the state. Twenty-two miles south of Cooperstown lies Oneonta, a seat of learning, and a distributing center for the surrounding dairying and agricultural country. The Delaware and Hudson Railroad maintains extensive shops here, providing the city with its principal industry. Almost directly west of Oneonta is Norwich, on the Chenango, settled principally by New Englanders. The completion of the Chenango Canal in 1837 gave the settlement its first easy communication with the Mohawk Valley. Since then, the railroads have brought it into close contact with the great cities to the north and south, and have consequently aided its growth. It is the county seat of Chenango County, and the birthplace of Gail Borden, inventor of condensed milk. The largest plant of the Borden Milk Company is now fittingly located here. On the upper waters of the Tioughnioga, and almost directly west of Norwich, is Cortland, a small industrial city, the site of a state normal school and county seat of Cortland County. Settlement in this part of the Military Tract began in 1791, and the site of Cortland, originally called Port Watson, became a shipping point for the surrounding country. In the middle of the last century, lumbering, dairying, milling and iron-working flourished here. In modern times, its factories produce extensively wire and wire goods, typewriter parts, motor trucks, corsets and wall paper.

The modern city of Binghamton might be described as a funnel into which the resources of south-central New York are poured. Besides being an important manufacturing city, it



is the trading and shipping center for all that territory drained by the Susquehanna and its branches. Together with Endicott and Johnson City, its population exceeds 105,000, making it the seventh largest city in the state. This city is a far cry from the hamlet that was laid out in 1800 at the junction of the Chenango and Susquehanna Rivers by Joshua Whitney, land agent of the absentee owner, William Bingham. The New Englanders who flocked into the region succeeded in transforming Whitney's dream into an actuality, but for many years lack of transportation facilities tended to offset the natural advantages of the place. As turnpikes were gradually opened and stages were established, business increased, but not until the building of the Chenango Canal, connecting Binghamton with Utica, did the village show much commercial activity. It was growing comfortably when in December, 1848, the first Erie train arrived from New York. Then, no longer dependent upon the canal for its commercial advancement, it grew rapidly. In the next ten years its population doubled and until 1900 its population increased 100 per cent every twenty years. As new railroad connections were made, Binghamton became an increasingly important distributing center. This fact, together with the accessibility of Pennsylvania coal and iron, attracted new industries. The year 1850 was especially significant in its economic history. In that year, the Binghamton Iron Works was established and an experiment in the manufacture of cigars and other tobacco products initiated what has become "one of the most striking successes of industrial Binghamton." At the same time, Horace Lester, a shoe merchant from Connecticut, set up a retail shoe store and a small factory. In 1891 his son moved the growing establishment a few miles west to the present site of Johnson City. There the firm passed into the hands of Henry B. Endicott and George F. Johnson, who built a new plant at Endicott in 1901. Since then the Endicott-Johnson company



has taken a place among the largest shoe-manufacturing plants of the world. Its shops cover twenty-nine acres and have a daily capacity output of 23,000 pairs of shoes. The company has also won a national reputation for its model housing and recreation projects in behalf of its workers. Binghamton's other manufactures include combs, glassware, bricks, ice cream, textiles and time-recording machines; and in recent years it has begun to challenge Rochester in the production of film and photographic supplies.

The broad valley of the Chemung and its tributaries, the Cohocton and the Canisteo, has developed since 1779 into a farming, trading and industrial area of considerable importance. From the days of earliest settlement, these rivers carried lumber, grain and flour in great quantities down to Tioga Point, whence the Susquehanna carried them on to Baltimore. The commercial interest of this region turned away from Baltimore only after the Erie Railroad had provided cheap and easy communication with New York City.

Midway between the upper reaches of the Cohocton and Canisteo Rivers is the village of Dansville, which deserves mention, not because of its industrial or commercial importance, but because it was the birthplace of the American Red Cross. It was to this village in the hills that Clara Barton came to regain her health, and while here she succeeded in establishing the first American chapter of this international agency of mercy.

The three cities of the valley, Hornell, Corning and Elmira, owe their growth chiefly to the railroads. In 1849 the Erie road reached Elmira and Corning. A year later it was extended to Hornell, whence in 1852 a branch line was opened to Rochester, and Hornell experienced a boom. This community, which was first settled in 1793 by George Hornell, and whose economic life had rested for half a century upon its saw- and gristmills and its river trade, now found itself the home of Erie shops,

accommodating in 1850 three engines and machinery for their repair. The Erie Railroad remains the foundation of the city's economic life, its modern shops covering several acres, and hundreds of cars switching and passing through its yards daily.

Corning is no less indebted to the railroads than Hornell. It is true that before the railroads came, thriving communities existed on the north side of the river at Knoxville and one mile west at Painted Post, but the Corning of today was still chiefly woodland and log cabins. In 1833 the feeder of the Seneca-Chemung Canal was opened from Elmira to Gibson's Landing, two miles below Corning, giving the community its commercial opportunity. Within six years, the Corning and Blossburg Railroad, running from Corning to the coal mines of Pennsylvania, began the business of bringing coal to the canal. This meant an immediate boom for the town. The proximity of the place to an abundant coal supply induced Erastus Corning, an Albany manufacturer interested in the foundry business, to buy up the land and establish a town here. Corning was a speculative enterprise that succeeded. When the Erie came through in 1849, the town grew even faster. Its rapidly developing rail connections and its proximity to quantities of glass-sand rock in Tioga County, Pennsylvania, induced the Brooklyn Glass Works to establish a plant here in 1868. Since then Corning has won for itself the name of "Crystal City." The Houghton interests have developed a worldwide reputation for making electric-light bulbs, colored glass for railway signals, pyrex ware and other experimental glass. The Hawkes Glass Works has won international awards for fine cut and engraved glass. At near-by Painted Post, reminiscent of Indian wars and councils, the Ingersoll-Rand Foundry manufactures building machinery and air compressors.

Elmira, with its population of 50,000, is three times larger

than any other community in the Chemung Valley. It stands upon the site of old Fort Reid, established during the Sullivan-Clinton campaign as a base of operations against the British and Indians. Not far from Elmira is the battle field of Newtown, from which the city took its original name, and which gives it historical interest. Here Sullivan defeated a combined army of British regulars, Tories and Indians, making possible the invasion and destruction of the Iroquois villages to the west. In 1788 the first settler in the region gathered his first corn. Located strategically in a bend of the Chemung River, which flows into the Susquehanna, it soon became a shipping point for the surrounding country. The fact that it lay directly south of the head of Seneca Lake made easy the construction of the Seneca-Chemung Canal in 1832. With its feeder to Corning, the canal made Elmira the junction of two important trade routes. Between 1849 and 1882 the main lines of the Erie, the Lehigh Valley and the Delaware and Western Railroads were built through Elmira. With the addition of the Lackawanna and the Pennsylvania, Elmira is today a recognized railroad center. In 1864 it was incorporated as a city, and between 1870 and 1890 its population doubled. Its most famous manufacture, fire engines, was begun in 1845. The production of automobile parts, knit goods, rayon goods, structural steel and a variety of foundry products makes it today an important manufacturing center. Elmira College, founded in 1855 as the first college exclusively for women, is located here.

The Finger Lakes region, lying directly north of the Chemung watershed, is noted for its fertility, vineyards and beauty of landscape. The Indians had a legend that the Great Spirit once laid his outspread hand upon the earth and when it was lifted the declivities filled with water to make the lovely lakes of central New York. The cities of this region, Geneva, Ithaca and Auburn, are indicative, perhaps, of the cities of the future.

Ranging in population from 16,000 to 36,000, they combine a semirural atmosphere with industrial activity and accessibility to far-flung markets.

Geneva, built upon the site of an old Indian village, early became a trading center for the Seneca Lake region. In 1790 a land office for the Pulteney estate was established here, and when the Genesee Road came through, the place boomed. From the beginning Geneva was a busy lake port and manufacturing community, but in more recent years its chief attention has turned to the nursery and fruit business. Besides a diversity of small industries, the city has three educational institutions, Hobart and William Smith Colleges and the State Agricultural Experiment Station. First settled a few years after Geneva, Ithaca was once an active lumber market and shipping point for the abundance of salt and gypsum in the locality. The city is now a terminal on the State Barge Canal, but its extravagant dreams of becoming a great inland port have long since faded. Notwithstanding a considerable manufacture of hammerless guns, high-power transmission chains, typewriters and electric clocks, Ithaca's fame has come to rest upon her various educational institutions, chief among them being Cornell University and the State Agricultural College. Auburn, although having larger industries than either Geneva or Ithaca, is known chiefly for its prison and as the seat of a theological seminary. The International Harvester Company has contributed largely to Auburn's industrial growth, while rope-making and the manufacture of shoes are considerable industries.

### THE CITIES OF THE SOUTHWEST AND NORTH

The southwestern and the northern counties of the state are distinctly more rural than other sections, but they contain some cities and villages of interest. In the southwest are Wellsville, Olean and Jamestown, in the center of the natural-gas and oil



fields. The village of Wellsville has large refineries, manufacturing high-grade crude oil. The city of Olean is named for the rich oil wells in its vicinity. Near-by is the Cuba oil spring of the Indians, which was guaranteed to them forever when the territory was purchased by Robert Morris. Before the railroad era, Olean achieved some commercial importance by virtue of its location at the junction of the Genesee Canal and the head of navigation on the upper Allegheny River. The Erie and Pennsylvania Railroads have developed the city's usefulness as a distributing center for western New York. Jamestown, on Chautauqua Lake, began as a sawmill colony in 1806. The abundance of timber and the presence of water power at the outlet of the lake encouraged its development into a prominent center for the manufacture of furniture. Later, the production of metal goods and hollow ware attracted such a large number of Swedes especially skilled in this type of work that today the city is predominantly Swedish, although its name derives from an early Scotch-Irish settler, James Prendergast. This city is also the commercial center of a fine fruit country, noted for its grapes. It is equally well known for its experiment in community education and for the near-by Chautauqua educational institution, established in 1874.

The northern part of the state has been the last to succumb to the advancing line of occupation. Although there were early isolated settlements, the Adirondacks effectively barred any such influx of settlers as invaded the Genesee country at the end of the eighteenth century. The larger part of this region today is wild forest, dotted with sparkling lakes, a noted vacation land. Along its eastern border, however, Lake Champlain and Lake George connect Canada with the Hudson-Mohawk region, and on this ancient waterway, whose historical significance in colonial days is still attested by the forts at Lake George, Ticonderoga and Crown Point, are places of some interest. Plattsburg,



toward the northern end of Lake Champlain, and the only city north of Glens Falls, was originally a sawmill town. Although the adjacent forests are now depleted, pulp and paper industries are located here. During the War of 1812, an important naval engagement was fought here and a modern military training camp continues to associate the place with national defense. The village of Whitehall, at the southern tip of Lake Champlain, has had a long commercial experience. It was first settled in 1759, but the vicinity had long been familiar to traders and soldiers. It lay at the northern end of the land carry from Fort Edward, and later at the termination of the various Hudson and Champlain Canals. Like most Adirondack communities, it has had large lumber and paper manufacturing interests. Another factor contributing to its growth was its proximity to the rich Champlain iron-ore beds. In the early nineteenth century, many bloomeries for the reduction of ore operated in this region, and Whitehall became the port through which the ores traveled south.

North and west of the mountains in the Saint Lawrence Valley is the interesting French-Canadian section of the state. The valleys of the Chazy, the Oswegatchie, the Raquette, the Grass and other smaller rivers were visited and occupied by French soldiers and missionaries until 1763, and the original French strain has never been completely lost. In this region Ogdensburg, the only American city on the Saint Lawrence, has the most arresting history. Founded in 1749 by Father Piquet as the Mission of La Présentation, its history was for many years both religious and military. The good father began to develop the sawmills and lumber interests which have always distinguished Ogdensburg. American settlement of the place came late, owing to the continuous British occupation of the fort here until 1796. For many years the village grew slowly because of its lack of communication with the interior of the state. Its progress was

further hampered by the Erie Canal, which made the western counties so attractive to settlers. When finally in 1850 the railroads began to penetrate this region, the necessary stimulus to growth was given, and the city was incorporated in 1868. Today Ogdensburg has large lumber, wood-pulp and paper manufacturing, and is, in addition, a notable river port for grain, coal and produce.

Northeast of Ogdensburg and close to the Canadian border is the village of Massena, whose growth is due to the development of the water power of the Grass River by means of a canal from the Saint Lawrence, and the subsequent location here of the plant of the Aluminum Company of America and other industries using electrical power. The possible development of the Saint Lawrence Ship Canal and an enormous power plant at Massena Point holds out to Massena, as well as to other places on the Saint Lawrence, the hope of greater industrial and commercial expansion. Potsdam and Canton near-by are notable educational centers. Watertown, with over 32,000 inhabitants, lying on the Black River near its junction with Lake Ontario, is the largest city in northern New York. The Black River, falling 112 feet within the city's limits, has furnished abundant power for the lumber and paper mills located here. It has also attracted the plant of the Niagara Hudson Power Company, as well as many silk and textile mills. Perhaps Watertown's more lasting fame will rest upon the beginning here of Frank W. Woolworth's successful experiment in five-and-ten-cent merchandising.

## CONCLUSION

In spite of the fact that about 80 per cent of the population of the state is now urban, there remain 502 incorporated villages of less than 5,000, and an additional 51 first-class villages of over 5,000. Although its name has humble connotations, the village is

an interesting phenomenon in the social and economic picture of the state. The name serves to describe several very different kinds of community. The first and oldest is the trading center for a large rural section. It may be only a four-corners with a general store, a post office and hotel and a few streets graced by the homes of retired farmers. Of this type, there are several hundred in New York State. They will survive as long as a large area of the state remains rural. The second type is the community with perhaps an especially favorable location in respect to transportation, or with abundant natural resources. Such communities usually outgrow their village status and become cities. The cities of today have emerged from this kind of village. A third group is made up of the suburban villages, built not upon economic necessity or opportunity but upon the desire of those whose economic interests are in the cities for pleasanter living conditions than the cities can furnish. Such places as Kenmore near Buffalo, Bronxville, Scarsdale and Pelham in Westchester County, and the Long Island residential communities, are examples of this new type of social unit, which promises to increase rapidly. Of the 553 villages, 118 were incorporated before 1850, and 158 after 1900, leaving the second half of the nineteenth century as the most productive of new villages. It is interesting to note, however, that almost two-thirds as many villages have been incorporated since 1900 as between 1850 and the end of the century.

Under the provision of the Constitution of 1846, the legislature passed the first general law of 1847 for the incorporation of cities and villages. Prior to that time, cities and villages were incorporated by special acts, and in some instances this practice continued after 1847. A constitutional provision of 1874 prohibited such incorporation. Consequently all villages are now incorporated pursuant to general law.

In spite of the many advances made in the last fifty years in

the nature of mechanical aids toward a more abundant life, the isolated village serving a rural community still presents a baffling social problem. It is generally too poor to afford many civic improvements; it has few cultural or educational opportunities; contact with the outside world is restricted; and it has little prospect of growing sufficiently to overcome these handicaps. Yet this type of village remains in many ways the most charming of our heritages from a past economic and social order.

In the last fifty or seventy-five years, the cities, with their greater population and wealth, have been able to overcome, at least in part, the handicaps that still beset the villages. Among the early improvements characteristic of every city were the paving and lighting of streets, the location of a source of water supply, and later the guarantee of its purity. Fire was the greatest menace to the early cities, because the establishment of fire-fighting organizations had to wait, in most cases, upon the establishment of a prosperous economic life. Only too often economic prosperity was destroyed by flames that were beyond the control of the "bucket brigades." The growth of churches, schools and libraries also followed the establishment of business enterprises, but, happily, they appeared as soon as the struggle for existence lost its first keenness. The desire for the refinements of life found early expression in choral societies, literary societies, historical organizations and religious fellowship.

In more recent years, however, a new civic consciousness is developing, which is not content with paved and lighted streets, churches and schools. It must be admitted that most of our cities grew like Topsy—without plan and often without beauty. It is to this aspect of city life that attention in the past twenty years has been directed. Many cities have undertaken smoke elimination as well as the elimination of slums, overhead wires, dumps, old buildings, and other unsightly and unhealthful survivals of an earlier day. At the same time they have increased the



number of parks and playgrounds; some have municipal golf courses and bathing beaches. River banks which have robbed the rivers of their original charm are now being developed as parks, and places of historic significance marked. Most cities which pretend to civic pride have zoning laws which protect the homeowner from the encroachments of business establishments.

The cities of New York State are governed by state charters which incorporate the community as a governmental unit, with certain enumerated powers and privileges. The specific provisions vary with individual charters, but all divorce the city from the town government. In general, power is granted to adopt local laws not inconsistent with state laws, to provide for local government, to protect local property, and to provide improvements. There are certain restrictions placed upon the cities. These deal principally with finance, forbidding the investment of the city's money in the stocks or bonds of private corporations, forbidding the city to incur indebtedness beyond one-tenth of the assessed value of its real estate subject to taxation, and forbidding it to borrow money for other than city purposes. Neither may it appropriate money for the support or aid of denominational schools.

Although reforms in municipal government have long been advocated, the original type of organization still prevails in the majority of cities. This consists of a mayor and common council elected by the people, with the mayor appointing the heads of administrative departments. One recent attempt to establish a type of government less open to abuse is the commission form now in operation in Buffalo. Under this system, a mayor and four councilmen are elected, each officer being responsible for a department. An even more radical departure from the old-fashioned type is the city-manager form of organization, wherein an elected council employs an expert in business management to administer the city's affairs. Under this form,



"politics" is supposed to be reduced to a minimum, but few cities have disliked "politics" enough to adopt the remedy.

Writing in 1895 Henry Fletcher said, "So far as the concentration [of population in cities] is the result of the natural superiority of the city as a place for business and residence, so long as human nature continues to crave the stimulus of social contact, there can be no remedy until the accumulated miseries of overgrown cities drive the people back to the land." It appears now that such a movement is beginning. With the invention and widespread use of the telephone, the automobile and electrical appliances, the city has lost much of its superiority as a place in which to live. The commoner forms of amusement, such as the radio and the moving picture, are as accessible in the small village as in the city and the appeal of space and fresh air is becoming stronger. For all of these reasons employees in industry are beginning to make their homes in the smaller communities. Industry itself is gradually moving out of the great cities to cheaper locations. Electrical power and the motor truck are making this migration possible. Even the state and Federal governments are interesting themselves in the possibility of transferring some of the population to the less congested areas.

These factors, without doubt, will have a decided influence upon the future of the cities of New York State. Already the migration of population to the large centers is decreasing. The villages, the smaller cities and the suburbs of the larger cities have maintained or even increased their population since 1920, while the major cities are not growing as rapidly as in the past. With the increase of motor transportation, model housing, health education and leisure among all classes of the population, this tendency will undoubtedly continue. Communities like Ithaca, Cortland, Auburn, Dansville and Newburgh may come to be the predominant type. Whatever the immediate tendency, it is safe to say that transportation will remain, as it was in 1609,

the most important factor in the development and character of our cities.

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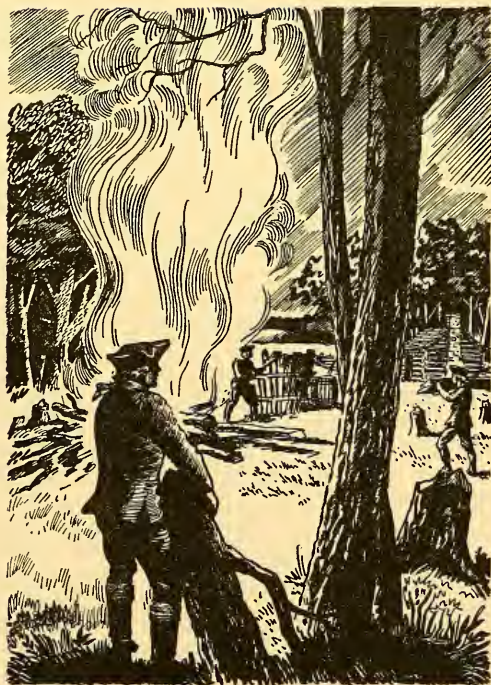
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# HISTORY OF AGRICULTURE

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# HISTORY OF AGRICULTURE

## INDIAN AGRICULTURE

AGRICULTURE in New York is not wholly derived from Europe. The Algonkins in eastern, and the Iroquois in central and western, New York were fairly skilled in planting and tending several food plants when Henry Hudson sailed up his "Greate stream." Indeed, had the intelligent and enterprising Iroquois possessed a domesticated beast of burden, without which agriculture can never go far, they might have taken a place among the world's good farmers.

The chief crop of the Iroquois was corn, which they pleasingly and significantly called "Our Life." When the chase failed and there was no meat, the nitrogenous bean furnished the Indian with proteins indispensable for human life. Probably through an instinctive urge for vitamins, the Indians grew an assortment of squashes and pumpkins. Gourds, they cultivated also, not for food, but for their hard shells, out of which to make household utensils and ornaments. Corn of several varieties was the chief crop, up the stalks of which beans, pumpkins, squashes and gourds clambered, so that it may be said that Indian agriculture was carried on in a corn field.

With a hundred or more species of edible fruits growing in the forest, there was little need for the Indian to bother with fruit-growing. Yet these Indian farmers did grow the Canadian plum, *Prunus nigra*, out of which to make prunes, a winter food, regulator, appetizer and vitamin supplier. Cartier, sailing up the Saint Lawrence in 1534, saw the Indians making prunes and tells us how they did it—they soaked the plums in weak lye and then dried them in the sun.

Tobacco they grew for the comforts of nicotine and for war-time and religious rites. Lady Nicotine had full sway when the

Europeans came – no taxes, no restrictions, no reformers. Under these conditions the Indian's weed made an immediate conquest of the newcomers from across the sea.

The Indian taught the white man how to plant and to fertilize with decayed fish the strange new-found food crops; to inter-plant with other crops; to "hill" and "hill-up"; the slatted corncrib is an Indian invention; a scarecrow in a corn field was the bright idea of an Indian; the husking-peg is an Indian device. Succotash and cornmeal mush are Indian dishes.

### THE BIRTH OF MODERN AGRICULTURE

Vantage ground was gained for French, Dutch and English settlers in New York by virtue of the discoveries of Giovanni de Verrazano, Samuel de Champlain, Henry Hudson and John Cabot. These explorers' descriptions of the new country fired the imagination of their countrymen and started a stream of emigrants to North America. The French, for a time, had a foothold in what is now the northeastern and the central parts of New York, but Champlain's unfortunate battles with the Iroquois brought the French the enmity of the fiercest Indian warriors in the New World, so that, excepting the Huguenots, few Frenchmen lived for long periods as farmers in New York. It remained for the Dutch to lay out the first farms.

New Netherland could claim, as can New York now, several priceless attributes of good farming lands: the soils in the new domain provide fertility and diversity, twin builders of successful agriculture; on the eastern boundary the ocean, and on the northern two great lakes, give favorable climate; five notable rivers – Saint Lawrence, Hudson, Delaware, Susquehanna and Allegheny, with their tributaries – furnish transportation and water power; a thousand or more lakes and ponds influence climate and soil and further aid transportation; mountains, plains,

valleys and sea shores add diversity to climate and soil. The forest, another great asset, deserves special mention.

When the Dutch came to New Netherland, the trees were so thickly set between lakes and rivers, that a squirrel by leaping from branch to branch might visit nearly every acre of dry land in the state and not once touch ground. Out of such a wilderness the farms of New York were carved. Out of forest resources settlers all but sustained themselves for two hundred years. Human labor drew tribute from the wilderness to supplement agriculture in furs, lumber, charcoal, potash, tanbark, boats, food, drink and medicine; and, later, fuel for steam, posts, railroad ties and wood pulp. For the first century or two a gun was as necessary as an axe. Game, birds and fish furnished meat for the farmers' larders throughout the year. Berries, nuts, roots and greens kept many a man and his family from starving in times of scarcity. The maple yielded sugar and syrup. The honey bee, introduced early from Europe, found the wilderness a paradise and spotted it with bee trees. The forest was indeed a sustaining help to early farmers.

It was into such a land the Dutch came in 1624. Their numbers were few, they cleared but little land, and they surrendered New Netherland to the English after a brief stay of forty years; yet the influence of Dutch farming was to endure through three centuries in crops, foods, manner of living and farm architecture, in certain sections of the state. For the most part, the influence of the Dutch, especially as it developed in later generations, was good, but their legacies of land tenure were to bring untold troubles to the owners that followed. The Dutch West India Company, ruler of New Netherland, made large grants of land to its members to found colonies, the grantee being called a "patroon." Later a dreadful brood of disorders hatched from these unfortunate grants to New York's first white landowners. The English renewed the Dutch land patents, and their gover-

nors in turn continued the policy of New Netherland in parceling out Indian lands to a few great owners, manors taking the place of patroonships.

When the English made a conquest of New Netherland in 1664, they found settlements on Manhattan Island, Long Island, Staten Island and up the Hudson. Farming had scarcely begun; trading in furs was the chief business of the Dutch. Not for some generations was the province overwhelmingly British in population. Since the conquerors preferred the towns, the Dutch, more and more, took up farming.

The land policies of both nationalities greatly influenced agriculture in New York down to the Revolution, and indeed beyond it. In 1701 Governor Bellomont wrote: "Not less than 7,000,000 acres of land have been given away in 13 grants." Several of those tracts covered from 100 to 400 square miles. During the eighteenth century, 80 patents for tracts of land were taken out in eastern and northern New York, no one of which covered less than 10,000 acres and possibly there were twice as many more for smaller areas. The costs incident to Indian treaties and official fees were trifling, compared with the value of the land, but the bickerings of rival landowners, rent collections, delayed payments, bribes and embezzlements prevented happy ownership of land by agricultural settlers.

#### COLONIAL AGRICULTURE

The spectacle colonial agriculture presented is unalluring. So primitive it was that one must say real agriculture scarcely existed. Farming was little diversified. While the Dutch paid attention to Indian corn, it was not grown to the exclusion of other cereals. Cultivation of corn was learned from the Indians and continued in the Indian fashion. Planted in hills and rows among stumps and stones, it received only hoe cultivation, hilling up and keeping down weeds. Wheat was the major grain



crop introduced from the Old World; oats, rye, barley and buckwheat, the minor ones. Grains were sown broadcast, cut with a sickle or cradle, and threshed with a flail. Although grains and their products were rather bulky to ship to Europe, and hence a market for the surplus was found in the southern colonies and the West Indies, yet throughout the colonial period a considerable quantity was exported to Holland and to England. Flax and hemp were important crops, grown throughout the colonial era by both the Dutch and the English.

Live stock was poor in breeding. A horse was but a horse, a pig a pig, a chicken a chicken—little selection of kinds or of individuals. There was almost no hay for winter feeding and very little pasturage in the summer. Timothy, clover, blue grass, and other than scant catches of native grasses and wild white clover were scarcely to be found. Root crops were not grown for stock. Live stock largely subsisted on forest roughage and corn fodder. The half-starved cows gave little milk and no efforts were made to fatten cattle for the slaughterhouse. Horses were common among the Dutch, but with the English not all farmers kept them, relying chiefly on oxen for woods, farm and road work. Governor Cosby, in 1735, reported an act “to mend the breed of horses.” Under pioneer conditions of food and shelter, and dangers from wolves and bears, sheep rather preferred to die than to live, and few were grown. Swine were fairly numerous, but hardly better than wild beasts. All fowls lived catch as catch can.

Apples were commonly grown as a source of hard cider, which was a staple money-making product on most farms. Pears and sweet cherries were not so widely known. Most farmers' yards had a few sour cherry trees for pies and, where climate permitted, melons and peaches were rather common, grown to eat out of hand, the latter also for peach brandy and to fatten hogs. There were five kinds of grapes grown in 1661, but few small



fruits excepting the currant, until the nineteenth century was well under way. There were few vegetables—even the potato and the field bean were little grown until the middle of the nineteenth century.

The typical farm in colonial New York was a family enterprise. There were a few indentured servants, a few slaves, but almost no hired farm laborers. Always there was an exchange of work among neighborhood farmers. On the patroonships and manors, there were many tenants. The owners of these vast estates furnished the tenants with seed, stock and a few farm implements. Rent was payable in farm or forest products, for of money there was almost none.

Few farms and few fields were inclosed. Live stock ran wild and owners had to register earmarks whereby they might establish ownership. Fences were not common until the middle of the nineteenth century and then only under compulsion of state, county and town laws. More of the produce of farms was bartered than was sold for cash. Flax and wool were spun and woven for domestic use.

### FOREST RESOURCES

Fortunately the colonials, and pioneers in the state that followed, had several forest industries to sustain life. Furs furnished the most immediately available source of revenue. Indeed, down to the present time, trapping is a profitable winter avocation for farmers. The farmer-trapper was also a hunter and supplied his family with meat, as well as with cash, from the animals of the forest. Trapping and hunting always preceded land settlement, and gave initial incentive to exploration for new lands.

Sales of timber from the primitive forests were helpful to farmers. As frame houses began to take the place of log cabins, every brook in the settled parts of the state was called upon to furnish power for a sawmill. As late as 1845, there were 7,406

sawmills in New York. Cooperage came next in value. Farmers used millions of barrels, casks, tubs, churns and firkins before the coming of the modern iron and tin age. Wooden coffins, furniture and implements were made in every farming community and were a source of income. Considerable timber was exported.

Potash and pearlash constituted rewarding products in the colonial period, but their manufacture was restricted to the Hudson and Mohawk Valleys. From the Revolution to the Civil War, farmers in central, northern and western New York profited greatly from the manufacture of potash. Out of the sales of potash, settler-farmers paid taxes and bought clothing, tools and other manufactured necessities. Crude potassium carbonate was obtained by boiling down lye from hardwood ashes. This was "potash"; the refined product, "pearlash." Pearlash brought from \$200 to \$300 per ton.

Tan bark from the oak and hemlock was a by-product of clearing and lumbering. Every farming community had its tannery. As late as 1845, there were 1,414 tanneries in New York, two or three to every town. Probably these tanneries used 20,000 or more cords of bark per annum, for which they paid from \$4 to \$6 per cord. Hides to be tanned came from farms, and the workmen were born on farms.

Charcoal, a necessity in many arts, was a prime article of commerce throughout the ages, until coke in recent times has largely replaced it. The cone-shaped structure of the charcoal burner was a familiar object in the forests of early New York. A cord of hard wood makes 30 bushels of charcoal, which in pioneer times sold for from 15 to 30 cents a bushel, giving a return of \$4 to \$9 for each cord of wood. Blacksmithing, horse-shoeing and wagon-making were dependent on cheap charcoal, and in every part of the state these crafts flourished with apprentices from the farm.

There were many attempts to manufacture sugar on a large

scale in New York from the sap of the maple. All failed as big business enterprises. The cost of making maple sugar is high, and the crops and markets are uncertain. By and large, however, sugar-making was remunerative, and few farmers failed to make a supply for home use and sale—clear gain since the work was done at a time when the farm did not demand attention.

Sugar, but hardly salt, can well be rated as an agricultural crop. Yet the manufacture of salt in Syracuse was a great boon to early farmers in central New York. Salt manufacturing began about 1790, and for a half century thereafter the salt was evaporated in caldrons heated by burning wood. At the height of the industry, under artificial evaporation, 200,000 cords of wood were required per annum. Moreover, salt was shipped in barrels made by New York coopers, to the number of 1,000,000 per year in the 1840s. Long before this time, it was being transported on the Erie Canal on boats built in the state, towed by horses bred and fed on New York farms; and the 10,000 men dependent on some phase of the salt industry were mostly rural bred.

#### AGRICULTURE AFTER THE REVOLUTION

With the establishment of the Union, a new day began for agriculture in New York. The large estates were in part broken up and sold as small farms. The Society for the Promotion of Agriculture, Arts, and Manufactures was organized in 1791, and the addresses given show that those interested in agriculture in the state were casting about in every direction for means of improving farm practices. Proceedings of the society show a great variety of subjects under discussion, such as ways and means of conserving the soil, the need of a greater diversity of crops, the rotation of crops, the value of manures and fertilizers, and the importance of soil drainage.

In particular, there began a long period, one not yet ended,

when new crops were being imported from other parts of the world or domesticated from native species. Early introductions were timothy, clover, alfalfa, vetches, and root crops for cattle; new fruits; poppies for opium; madder and wood for dyes; and the mulberry for silk worms. This good work did not stop with plants—many breeds of live stock and poultry were introduced.

Agriculture was being helped through this society by some of the most notable men in the state and nation like John Jay, Robert R. Livingston, George Clinton, Edward Livingston, James Duane, Simeon De Witt, John Delafield, Horatio Gates, Samuel Latham Mitchill, Dr. David Hosack, Elkanah Watson and Noah Webster. Possibly never before, unless in the grand days of the Roman Empire, had farming awakened so great an interest among men of high standing.

#### THE EFFECTS OF BETTER TRANSPORTATION

There can be little agriculture without adequate means of transportation. The province of New York had almost no good roads. From the first settlement to statehood, transportation was mostly by water—the Hudson, the Mohawk and the Sound. Land traffic scarcely existed more than a few miles from these waterways, and then over ill-kept roads by oxcart, horseback, and tedious travel on foot. The few cities and villages of the province were connected by dirt roads on which wheels mired to the hubs in spring and fall.

Road building began in the new state immediately after the Revolution. The legislature authorized a number of lotteries and made liberal appropriations for road improvement. Soon it was found that these sources of money were inadequate and turnpike and bridge-building were turned over to private capital, with the expectation that tolls would make profitable returns. The immediate effect of better roads was to encourage new settlements, to make more profitable the production of all farm crops,



to increase the amount grown, and to greatly stimulate internal commerce, thus indirectly helping agriculture. On almost every mile of a main thoroughfare a rural tavern was to be found. It required a small army of drivers, runners and agents, most of whom came from farms, to keep stages running, and at every four-corners were blacksmiths, wagon makers, and harness makers, to shoe horses and build and repair the running gear of the turnpikes. Thousands of creaking Conestoga wagons carried grain, lumber, potash, pork and beef, whiskey and cider, to Troy, Albany, Catskill, Newburgh and New York and returned to rural towns loaded with groceries, clothing and tin and iron-ware.

Hordes of New Englanders were trekking westward through New York to settle in Ohio, Indiana, Michigan and states further west. Oxen, horses, cows and their owners were fed from the produce of New York farms. As these pioneers journeyed westward, they were met by drovers with herds of cattle, droves of horses, and flocks of sheep from the new states, bound for eastern markets. Drovers and their live stock alike must be fed. Prosperity on New York farms began with the building of turnpikes.

#### COUNTRY LIFE IN EARLY DAYS

Colonial farmers, and those who came for a century later, worked without gasoline, gas or electricity, and for half of that time without steam; they were without matches, lamps or cooking stoves. A few dates may be of interest. Steam for transportation by water in New York dates from 1807; matches were introduced about 1830; Franklin invented the Franklin stove in 1742; cooking stoves came into general use about 1850; candles and animal oils in crude lamps were used until 1850, when kerosine came into use.

One of the great drawbacks to early agriculture in New York was the sickness among the pioneers. Malaria, passing as



"ague," "chills and fever," "Genesee fever," and "the shakes," during the summer laid low almost every inhabitant in a new settlement. The mosquito, of course, was the carrier of the disease. Tuberculosis was common, choosing as its especial prey newly arrived Europeans. Typhoid fever was universal. Dysentery took toll every autumn. Smallpox ran riot every winter. Less than half of the children brought into the world survived the first year. Physicians were few and ill-trained; of hospitals, nurses, dentists and oculists there were none. Herbs, bleeding, calomel and quinine were the doctor's chief remedies.

Education was as little advanced as medicine. Schoolhouses seldom came until a generation after settlement. The first structures for education were of logs, ill-heated, poorly lighted, and furnished only with rough benches. Summer terms of two months were taught by girls in their teens; winter terms by men, the ideal teacher being a divinity student. Teachers boarded with the parents of their pupils. In colonial New York, the *New England Primer* was the most common textbook. Webster's *Spelling Book* appeared in 1784 and was used for a hundred years thereafter.

Ministers were the leaders in most farm communities and were often interested in agriculture. Sometimes they managed a model farm, designed and helped erect buildings, were surveyors, or made furniture; always they insisted on attendance at church services and admonished wrongdoers; they saw that the Sabbath was sharply divided from the secular days of the week. In a country community without a church, the minister's guiding hand in nonreligious as well as religious matters was missed; stodgy dullness enveloped farmers' lives; and there was the lack of intellectual stimulus which the minister supplied.

Pioneers, as would be expected, suffered many privations in food. They had to experiment a good deal with unfamiliar foods, most of which were borrowed from the Indians. Housewives

became adept in preserving foods by drying, utensils for canning and preserving being unobtainable. Tree fruits, small fruits from the forests, and the vegetables of the times—corn, beans, peas, pumpkins and squashes—were dried in quantity to supply vitamins, regulators and appetizers for the winter diet.

Of meats the American farmer has always had a plentiful supply. Fish and game were so easily obtained that no settler need go hungry. In occasional "pigeon years," meat was as abundant as manna. Later, a farm that was not self-sufficient as to meats was a failure. An amazing number of pork products—smoked, salted, potted—supplied meat from butchering time to butchering time. Pork was the foundation of every farmer's larder, preferred to fish, venison, or wild fowl. It was an important factor in colonial military campaigns, and in winning the War for Independence.

Soon after the Walloons settled New Netherland, in 1638 to be exact, the honey bee was brought to America. It found the flowery forests of the New World to its liking, and in less than a century bee trees could be found in every part of the territory that became New York. Maple sugar and honey were the only sweets farmers could afford until brown sugar from the West Indies became cheap and abundant.

The privations of pioneers seldom extended to alcoholic drinks. Whiskey, beer and cider were cheap and abundant. Cider was a product of almost every farm, and beer, ale and whiskey were made in every community. Wine and rum were imported, and cost little in comparison with modern times. Strong drink was served at births, weddings, funerals, and for nearly all of the ills of human flesh; at dances, huskings, and gatherings to raise buildings, whether church, house or barn; and to every social or business visitor. Whiskey, cider and brandy were the cheapest forms in which products of farms could be sent to market. There were more breweries and distilleries in New York

in 1800 than gristmills. Apples were grown chiefly to make cider.

There were several taverns in every village, and almost every house on an important turnpike served food and drink. Inordinate drinking and loafing in taverns played havoc with farm labor. Rural communities were demoralized by drunkenness, fostered by the inns of the times, until the great temperance wave of the 1830s and governmental regulation of the sale of alcoholic drinks checked the evils of intemperance.

Early farmers in New York had small opportunity to practice esthetics, but soon after the turn of the nineteenth century economic conditions were bettered so greatly that there was sufficient leisure, and with it came the desire, for cultural improvement. Soon well-built farmhouses, steepled churches and ornamental plantings began to appear. Household arts and handicrafts began to have a place. By the middle of the century, farm architecture was almost ideal—better than at any later date. To this period belong many of the beautiful farmhouses of the state.

#### THE STIMULUS OF WATERWAYS AND RAILWAYS

When, in 1807, Robert Fulton's "Clermont" made its first trip up the Hudson, another new era in the state's agriculture began. At first, sloops under sail carried freight much more cheaply than the new and poorly equipped steamboats could, but soon the advantages of quick transportation for live stock and perishable fruits, vegetables and dairy products became of such money value that only the coarser products of the farm went otherwise than by steam. Soon the Great Lakes became important waterways for shipment of farm products. Steamboat traffic in the eight large lakes within New York's boundaries began in 1819, and lasted approximately 100 years, during which time no less than 90 steamers carried farm produce and supplies

on these inland waters, giving the surest and cheapest transportation for produce for the farms of 6,000 square miles. Steamboats used wood for fuel until after the Civil War, making the cord-wood industry a profitable one to New York landowners.

In October, 1825, the Erie Canal was opened for traffic, and a fleet of boats began to carry the commerce of the state. In 1826, the first year of the Erie's operation, more than 19,000 canal boats passed Troy. Before the canal was built, when wheat sold in towns on the Susquehanna at \$1 per bushel, it was worth but 60 cents where the market was eastward over the Mohawk. When wheat sold in Ontario County at 60 cents, it sold for \$2 in Albany, since it had to be hauled 200 miles by four-yoke ox-teams which required twenty days. The canal reduced the cost of moving a ton of freight from Buffalo to New York from \$100 to \$5. Hitherto hay, potatoes, straw and other heavy farm produce came to New York from New England by boat; the Erie Canal gave the market to New York State.

The *Northern Traveler*, published in 1834, gave these amazing figures:

The whole quantity of down freight upon which toll is charged by weight, that was conveyed on the New York canals to Albany in 1833, amounted to 152,935 tons, at 2,000 lbs. per ton. Arrived, 734,133 barrels of flour, 22,922 barrels of ashes, 13,489 barrels of provisions, 19,908 barrels of whiskey, 873 hhds. of whiskey, 17,116 bushels of salt, 298,504 bushels of wheat, 122,944 bushels of coarse grain, 257,252 bushels of barley, 2,187 boxes of glass. And also the following upon which toll is not charged by the ton: 20,960 cords wood, 74,350 feet timber, 55,338,547 feet lumber, 74,350 M shingles, and 68,321 tons of merchandise, furniture, and sundries, sent up the canal from Albany.

Within twenty years after the completion of the Erie, a dozen or more other canals had been built, giving an outlet for the agricultural products of every part of upstate New York. The



canals required droves of horses and mules, foaled and fed on the farms of the state. Some parts of rural New York suffered from the building of canals. Turnpikes in the southern counties brought prosperity to farms through the sale of supplies to great numbers of stagecoaches, drovers, immigrants and freighters to and from the westward states. The Erie diverted this traffic to the north.

The tiny "De Witt Clinton," drawing three coaches, opening a railroad from Albany to Schenectady in 1831, was the first steam locomotive in New York. One by one, a dozen other railways were built in the state within the next few years, but it was not until 1851 that a road crossed the state from east to west. In that year, the Erie was completed from New York to Dunkirk, and in 1853 nine short roads between New York and Buffalo were consolidated into the New York Central. Soon cross-state and up-and-down-state railways supplied every prosperous farming community with train service.

Railroads at once became of great importance to agriculture. Rails could not compete with water in the summer in cheapness in carrying freight, but in winter all went by train. Soon business on turnpikes was almost dead, and only on the great Erie was much freight carried on canals. The advantage which railroads brought to farming was quicker and cheaper transportation. Thus fruits and vegetables found a wider market when they could be carried by rail. There were no dairy and poultry industries in the state until the railroad provided transportation. Soon there were yards at every station in farming communities for cattle, sheep and hogs.

In the first few decades of railroads it was a question as to whether they were an asset or a liability to the farmers of the state. Railroads in the western states opened up vast quantities of fertile land from which were quickly and cheaply transported to eastern markets grain, live stock, dairy, poultry and fruit



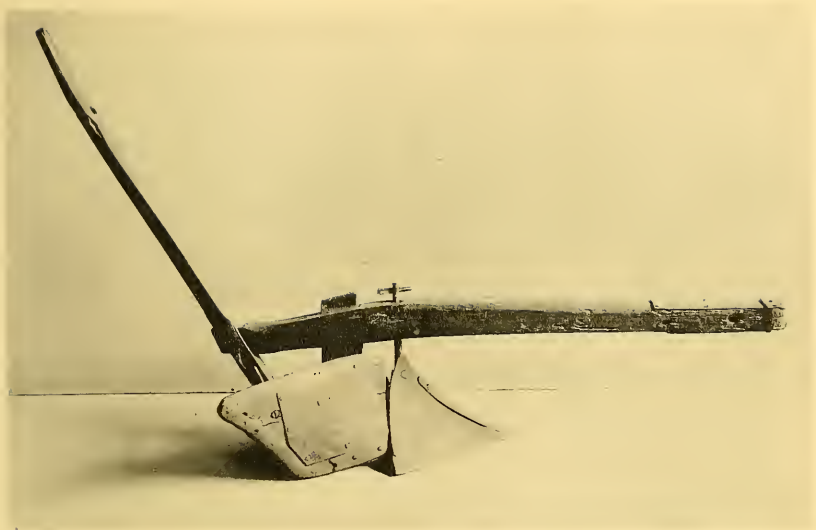
products, at prices ruinous to New York farmers. The Erie Canal robbed the farmers of the Hudson River Valley of their supremacy as food providers for the state; railroads, in their turn, took the markets for many farm products from central and western New York.

The railroad express, which became a public utility in the 1840s, progressed even more rapidly than railroad transportation of heavy freight. Soon several large express companies were serving agriculture by promoting convenience, cheapness, quickness and certainty of transportation. At about the same time, telegraphy became practical and was a transforming agency in all industries. By 1850, farmers in every part of the state could have market reports that enabled them to dispose of their products far more advantageously than when such news came by mail.

The building of canals and railroads had another indirect effect on agriculture. Thousands of laborers were required, and emigrants from Europe were attracted by the high wages. This call for labor was first answered by the Irish. Owing to the potato blight, there were starving millions in Ireland, anxious to work in America. Between 1820 and 1840, 2,000,000 Irishmen came to America. A little later, emigrants in great numbers came from the Scandinavian countries, Germany, Austria and Poland. About 1820 marks the beginning of the tides of immigration that flowed into the country to the end of the century. Eventually, many of these newcomers, often at first farm laborers, became farmers.

#### FARM MACHINERY SUPPLANTS HUMAN LABOR

The demands of pioneer life forced upon settlers in central and western New York unusual versatility and inventiveness in producing farm machinery. In Cayuga County, in particular, inventive geniuses seem to have turned their attention to farm



HANDMADE WOODEN MOLDBOARD PLOW OF TYPE USED IN  
COLONIAL AND REVOLUTIONARY TIMES



implements. A patent-office survey in 1880 showed that this county had taken out 68 patents for reapers and mowers; 12 for plows; 8 for threshing machines; and some 300 or more for minor farm implements such as fanning mills, cultivators, pumps, harrows, hayrakes, straw-cutters, cider mills and various household utensils. One of the earliest and most valuable of these patents was for Jethro Wood's improved cast-iron plow, with interchangeable parts making quick repairs possible. From childhood, Wood had been experimenting with plows and in 1814, at the age of forty, he took out his first patent. The value of this plow is hardly conceivable in these days. With its iron-tipped, wooden predecessors, the furrow turned was crooked, uneven in width and depth, and so poorly turned that land must often be plowed twice or thrice to get a good seed bed. The Oliver chilled plow appeared after 1855, and was followed by the sulky plow and the gang plow.

The earliest, and for a long time the only, harrow was the top of a bushy tree, the "brush-drag." Much was made of improved harrows early in the nineteenth century, several types coming into use, to be constantly changed and modified from year to year down to the present time. The first really serviceable harrow was a heavy wooden drag shaped like a capital A. It had a heavy, durable frame and teeth a foot or more in length and an inch and a half square—pulverizer, leveler and seed-coverer—and yet an insignificant tool indeed in comparison with modern spring-tooth and disk pulverizers.

Of cultivators there seem to have been none in America until well after the turn of the nineteenth century. Indeed, the cultivator was not used in Europe until after Jethro Tull's *Horseboeing Husbandry* appeared in 1731 and brought a remarkable improvement in European agriculture. Corn and potatoes, two crops that must be cultivated, in precultivator days received scant cultivation from crude shovel plows. The first cultivators

came into use in New York in the 1840s, and were heavy, clumsy tools behind which the farmers walked, holding the stiff, straight handles. Wheel cultivators were hardly to be found until after the Civil War.

George Washington, soon after his return to Mount Vernon at the close of the Revolution, invented one of the first seed-sowing machines used in America, but even he admitted that it was "no great success." Soon patent after patent was being taken out on seed drills. But seeds of farm crops were mostly broadcasted until scarcity of labor in the Civil War and the opening of the great corn and grain fields of the Middle West forced the use of machine drills. A score or more of improved sowing machines and corn drills appeared in New York in the 1860s and 1870s.

The first harvester of real merit in the United States was patented by Obed Hussey of Baltimore in 1833, and was followed the next year by one invented by Cyrus H. McCormick, a Virginian. Both machines only cut the grain, leaving it to be bound by hand. Both were crude and imperfect and the cradle was preferred, in New York at least, until as late as 1850. New Yorkers now began to take an interest in harvesting machines. William A. Kirby and E. B. Forbush of Buffalo took out notable patents on grain and grass-cutting machines in 1852. Soon several men in Cayuga County were inventing and improving reapers and mowers, with the result that in 1858 the D. M. Osborne Company was organized in Auburn to manufacture these implements. Eventually this plant came into the hands of the International Harvester Company, the click of whose machines may now be heard every day in the year in the harvests of the world.

Improved hayrakes have been perhaps as helpful as any other implements to take the place of human labor on farms. A modern horse hayrake will do the work of a score of men. A horse-



rake for hay came into use early in the eighteenth century, so simple that the wonder is it had not been in use for centuries. The rake consisted of a central shaft about 16 feet long. Perhaps 20 teeth projected through this headpiece; shafts for a horse and handles for a man completed the rake. A flop emptied the rake, leaving the hay in windrows. This "flop-over" rake was in use in New York until the 1850s, when it was superseded by the toothed-wheel rake familiar to all, and by other types.

In 1797 George Washington built a threshing machine from the plan of one William Booker, but it was so slow and wasteful that Washington wrote to Booker that the machine "has by no means answered your expectations or mine." In 1825 a horse-power machine, with a simple threshing-cylinder from which threshed grain and straw fell together, made its appearance and came into fairly common use; by 1840 threshers with separators had been patented; then, about 1850, the straw carrier was added. Steam power at this time began to take the place of horse power. Most of the parts of the modern thresher, as used in New York at least, were now assembled.

This brief discussion of the evolution of farm machines hardly suffices to remind the reader of the inventions of the nineteenth century that displaced human labor on the farm. Hay tedders, hay forks, corn huskers, corn shellers, fanning mills, cider mills, corn cutters, ditching machines, rollers and pulverizers, pumps and windmills, steam cookers and wire-fencing are but a few of the other types of implements brought into use between 1800 and 1900.

To the eyes of all, the social and economic effects of farm machinery on the rural population are apparent. Since 1840, the proportion of rural to urban dwellers has decreased, owing to the substitution of machine for hand labor. Before farm machinery became common, husbandmen were often skilled in one or more trades as well as in farming; as the use of machinery

became more widespread, farm workers became more specialized, demanded a higher wage, and worked fewer hours a day. Since 1840, a date at which farm machinery began to be common, economists tell us that the average acres of improved land to an agricultural worker in the United States have increased from approximately 30 to 60; and that the man-labor requirements in hours is about one-sixth in 1930 of what it was in 1840.

### THE PRINTING PRESS AND THE FARMER

Agricultural journalism had its beginning in the phenomenal period of the state's agriculture advance from 1800, and extending thereafter a round half century. During this time agricultural papers, magazines and books became of material help to farmers. The farmer in New York was first served, and on the whole fairly well, by almanacs. The first date given for an American almanac is 1639; by 1700 the printing of almanacs was in full swing and from then until the middle of the nineteenth century almanacs were about the commonest output of American printing presses. During this century and a half, for the farmer at least, they took the place of newspapers and books. Most of them were written for farmers. Each contained a calendar, without which no farmer could conduct his business; there were in all helpful reminders of seasonal work to be done, advice on every phase of farming, recipes for ailments of man and beast, directions for preparing farm foods and drinks, together with jokes, stories and witticisms which were good corrective spice to the sober printed matter of a farmer's reading. At one time or another, a farmers' almanac was printed in nearly every town in the state in which there was a printing press.

The first worth-while contributions to agricultural literature in the state were the reports of the several agricultural societies, of which the earliest came out in 1792. Since that date, agricul-

tural societies have published annual reports down to the present time, when they run perhaps to a hundred or more, representing every field of agriculture. By and large, annual reports of the many societies which agriculture supports constitute the most valuable contribution to the state's agricultural literature.

The first agricultural journal published in New York was the *Plough Boy*, Albany, 1819, which appeared for twenty years. Then came, in 1828, the *New York Farmer and Horticultural Repository*. Neither touched the farmer very closely. The first farm paper to be written from the standpoint of practical experience was Luther Tucker's *Genesee Farmer*, Rochester, 1831. Then came the *Cultivator*, Albany, 1834; followed by the *New Genesee Farmer*, Rochester, 1840. All of these were general in their field; now special publications for this and that agricultural industry began to appear, so many as to preclude mention, some sixty or seventy in all.

Until toward the middle of the nineteenth century there were few American books on farming, and such as there were relied upon European agricultural authorities, or even those of Christ's time. To be written by some ancient author preceding or closely following Christ, seems to have been sufficiently good authority until early in the 1800s, when Davy, Liebig, and Boussingault began to apply chemistry to farming. Followers of these Europeans now began to write agricultural books in America, and soon there was such a notable number of American agricultural books that every field of agriculture, and the sciences that contribute to it, now has its library.

#### THE INTRODUCTION OF BETTER FARM PRACTICES

The first half of the nineteenth century saw a number of fundamental farm practices introduced in New York. The colonials paid almost no attention to manures and fertilizers. After the Revolution, farm writers and speakers could only recom-

mend animal manures, wood ashes, fish, bones and the bodies of animals. Chemical fertilizers were unknown. But as early as 1832, importations of guano began, and in the 1850s as much as 50,000 tons were annually imported into the country. The manufacture of superphosphates began in England in 1843 and soon after deposits of phosphates were found in our southeastern states, and the use of phosphates came into common use in America. About 1860 the Germans began the manufacture of potash fertilizers, and at the same time the agricultural countries of the world began to import nitrate of soda from Chile. Chemical fertilizers now became indispensable to agriculture everywhere.

In 1851 John Johnson, a Scotch-American, laid the first drainage tile to be used in America, in the town of Fayette, Seneca County. Soon tile-making machines were turning out tile in every part of the state, and cold, wet, heavy clays that hitherto had been unprofitable became productive farm lands. Fertilizers and tile drainage permitted the culture of a greater number of farm crops and stimulated the rotation of crops, indispensable to good agriculture.

#### NEW FARM CROPS

At about this time the cultivation of several new farm crops became common in the state. The potato, introduced into Europe from South America in the sixteenth century, returned to North America as a cultivated crop but was little more than a garden curiosity in the United States until after 1800. In the 1840s an epidemic of potato blight swept like a wave through the country. Chauncey E. Goodrich, of Utica, New York, conceived the idea that the potato could be rehabilitated by bringing in new stock from Chile, and in 1853 introduced the Rough Purple Chile, quite resistant to blight, from which the two hundred or more sorts now grown are all offspring. The crop in New York



in 1910 amounted to over 48,000,000 bushels—more than the combined crops of corn, oats and wheat.

The navy bean, as a field crop, had its origin in Orleans County, New York, in the 1830s, on the farm of Stephen Coe. The crop did not become popular until the time of the Civil War, when the soldiers, forced to eat them, learned to like beans and carried a taste for them to all parts of the country. Soon New York State was producing beans at the rate of 2,000,000 bushels annually. Alfalfa, under the name of lucerne, was grown experimentally throughout all the nineteenth century, but it was not until the end of this period that it came under common cultivation. Broom corn, teasels, sugar beets, sorghum, flax, sweet corn, all of the small fruits excepting currants, and many of the vegetables now commonly grown, were introduced or domesticated in the 1800s.

#### IMPROVEMENT OF LIVE STOCK

Among the Dutch farmers, judging from the numerous lists of animals imported into and raised in the province, the use of horses for farm work was much more common than the use of oxen. The contrary was true in New England. When, after the Revolution, so many New Englanders settled in central, western and northern New York, the slower but more economical ox predominated for forest and farm work.

The gradual substitution of the horse for the ox in the first half of the nineteenth century may almost be said to have been the beginning of commercial agriculture in New York. Two men with a pair of oxen could turn but a half acre of land from sunup to sundown, but a man with a team of horses could plow two acres in a day. The change from the slower to the faster animal speeded up agriculture nearly as much as have tractors and automobiles in recent years. The colonials had but two breeds of horses: the small, fleet of foot Narragansetts, easy to ride and



good carriage horses; and the Conestogas, of large size, easy to keep and well-adapted to both road and farm work.

The importation of "Messenger," a thoroughbred, from England to the United States in 1788 and the foaling of "Justin Morgan" in 1789 mark the beginning of horse breeding in America. During all the years that have followed, American breeders of horses have used most of their skill in breeding a new type—the trotting horse. From the illustrious "Messenger," came not only the American trotting horses, but also a breed of light harness horses, the "Standardbreds," chiefly bred in Orange County and in and about New York City. Another landmark in horse breeding in America was the advent of the "Morgan" family, developed in Vermont in the 1790s, the breeding of which soon became an important industry in New York. Still another conspicuous landmark in the breeding of horses in this state was the birth, in 1847, of "Hambletonian" in Orange County, a great sire of speed horses. There seems to have been no move to breed draft horses in America until the middle of the nineteenth century, when many importations of Percherons and Clydesdales were made. Notwithstanding the advance in mechanical power and locomotion, there are still about 500,000 horses in the state.

Cattle industries were slow in getting under way in New York. There was of course the necessity of beef and milk animals from the first, but the supply of beef came chiefly from the slaughter of worn-out oxen and milch cows, until the building of turnpikes, canals and railroads gave adequate means of transportation. Until well into the nineteenth century, dwellers in towns usually owned their own milch cows and let them roam the streets or had them tended by professional herders in commons provided by the community. The dairy industry in New York began in Dutchess, Herkimer, Oneida and Orange Counties in the first quarter of the nineteenth century, spreading

westward and northward with the expansion of means of transportation until, in 1843, as much as 24,000,000 pounds of cheese, and butter in proportion, passed through Albany to market.

The contributions of four scientists greatly helped the dairy industry: the vacuum condenser in 1856 by Gail Borden, born in Norwich, New York; Louis Pasteur's studies of bacteria in the 1860s; De Laval's milk separator in 1878; and S. M. Babcock's device to determine the fat content in milk in 1890. Babcock was born near Bridgewater, New York, in 1843, and began his experiments at Geneva.

Stock breeders in New York and America were slow in taking advantage of improved breeds. There are no records of well-established breeds in the state until 1794, when the Holland Land Company made an importation of Holsteins, but the breed was not well established with good breeding animals until after the Civil War. In 1869 Gerrit Smith Miller, of Peterborough, New York, imported a bull and three cows from Holland, and thus opened the way for the Holstein herds in America. The second most popular breed of dairy cow in the state is the Jersey, which, with the Guernsey, began to be imported in considerable numbers in the 1870s. About 1830, Shorthorns were imported to eastern America, and soon became common in New York. Later, Herefords were grown in various parts of the state, as were the three or four other beef-making cattle of Europe. New York cattle today exceed two million head.

From the coming of the Dutch, some sheep were kept along the Hudson and on Long Island, but it required nearly two centuries to establish sheep in central and western New York. Robert R. Livingston is given credit for having forcibly called the attention of New York farmers to the value of Merino sheep, of which he had made an importation in 1802. Soon a mania to stock up with Merinos took possession of New York farmers,

and by the 1830s flocks of from three hundred to a thousand sheep were common in the farming regions of the state. A decade later, prices of wool and mutton began to decline, competition became keener and keener from the western states, and soon sheep growers were changing their vocations to dairying and fruit-growing. Since the close of the prosperous three decades preceding the Civil War, sheep-growing for wool, mutton, winter feeding and hothouse lambs has limped along, too speculative for good farm practice in most parts of New York. Yet a recent census estimated the sheep in the state at more than half a million.

From the establishment of the first settlements down to the present time, pork has furnished most of the meat used in farm homes. At first there were no particular breeds and the half-wild swine of the early settlements was a prolific but poor beast, "the meanest beasts I have ever seen," one English traveler declared. Soon after the close of the Revolution, however, there were two well-recognized breeds, the Chester Whites and the Woburns. In the 1830s, the importation of Berkshires became a speculative fever. The swine industry again gained some impetus a few decades later as an adjunct of dairying, but as the corn-growing states of the West began to produce pork, the swine industry dwindled to smaller and smaller proportions in New York, but swine still numbered over 600,000 in 1910.

More people in rural New York are now interested in poultry than in any other live stock or in any product of the land. The total value of eggs and fowls per year is in the neighborhood of \$30,000,000. Yet the industry is a comparatively new one. In the census of 1840, the first to take into account farm products, the value of barnyard fowls and their products was insignificant. Census reports from 1840 to 1880 show a steady growth in poultry raising, but in the decades after that date the industry has grown by leaps and bounds, owing chiefly to the use of incu-

bators. The first incubator was patented in the United States in 1847, but artificial hatching did not come into common practice until the 1880s. A little later, cold storage and better transportation gave further stimulus, and poultry began to yield immense profits.

### HORTICULTURE ESTABLISHED

Fruit and vegetable growing did not become profitable farm enterprises until steam on waterways and rails gave quick and adequate means of transportation. Until markets were thus assured, orchards and gardens were planted for family use or on gentlemen's estates. Not much was sold from trees and truck plants until after the Civil War.

The first good nursery in the state was the Linnaean Botanic Garden, at Flushing, Long Island, founded by William Prince a few years before the Revolution and maintained in the Prince family for four generations. Their first catalog, published in 1771, was notable in that it listed more than a hundred varieties of fruit, many of which were "budded trees." Previous to that time, and for that matter for a half century later, most of the fruit trees in the state were seedlings, unnamed, and as variable in tree and fruit as the wild trees in fence rows and forests today.

There were no commercial orchards in New York until after the nineteenth century was well started, but by 1825 there were a good many large plantations in the Hudson River Valley, and by 1850 fruit-growing was well established in this region. The first commercial-orchard area in western New York was on Grand Island in the Niagara River, near Buffalo, where plantings were begun in 1827, and by 1840 orchards of peaches covered several thousand acres. Meanwhile the industry had been started on the mainland and fruit growing soon became an important field of agriculture along the shores of Lake Ontario and



about the Finger Lakes, with nursery centers at Rochester and Geneva.

Domine Michaelius, in 1628, brought over grapevines, and five varieties were grown in the province in 1661. Although there were spasmodic attempts to grow grapes in all of the early settlements in the regions suitable to this fruit, yet real viticulture may be said to have begun at Croton Point, on the Hudson, in 1827, when Robert Underhill planted a vineyard of Catawbas and Isabellas which in a few years covered seventy-five acres. Soon there were many commercial vineyards on the shores of the Hudson. Elijah Fay planted the first vineyard in the Chautauqua grape region at Portland in 1818, but it was at least a quarter of a century later before grape-growing was well under way in that part of the state. The first planting of grapes about Keuka Lake, "the Rhineland of America," was made by the Rev. William Bostwick, of Hammondsport, in 1830. The wine industry in the Keuka region was started in 1853 by Andrew Reisinger, in the town of Pulteney. Soon it was found that Keuka Lake grapes made an excellent champagne, and the region became the home of American champagnes.

The culture of small fruits in the state dates back scarcely three-quarters of a century. During this period not only have cultural methods and markets been developed, but most of the species of small fruits have been domesticated. The first American blackberry to be cultivated was the Lawton, which originated at New Rochelle, about 1831; the first black raspberry, the Doolittle, in Ontario County, 1850. Named varieties of purple raspberries, cranberries, dewberries, native gooseberries and blackberries, all came later. European strawberries were cultivated in New York as early as 1770, but what we may call American sorts were headed by the Hovey in 1834.

Vegetables have been grown on a large scale in New York only during the last fifty or seventy-five years. Rapid trans-



portation, greenhouses and commercial fertilizers are necessities in truck farming, and these have been at hand only in comparatively recent years. The same period, or perhaps a somewhat lesser one, has seen the development of floriculture in the state. Long Island, with its 1,700 square miles, was long the chief region in which vegetables, flowers and seeds were grown in New York, but now these industries are to be found in every part of the state. Muck-land farming, chiefly devoted to vegetables, is a development of recent years.

#### STATE AID TO AGRICULTURE

Farmers in New York received little aid from science until state-supported agricultural institutions were established, the beginnings of which were made soon after the Civil War, previous to which time Americans were almost wholly dependent upon Europe for such agricultural science as they had. The first college in New York to offer instruction in agriculture was King's College, now Columbia University, which attempted to give instruction in agriculture and commerce in 1754, but that effort seems to have come to little until 1792, when the state granted money for a professorship in natural history, chemistry and agriculture. Dr. Samuel Latham Mitchill, then the most notable man of science in North America, was given the professorship. It does not appear that Columbia students took kindly to the new work, and it is doubtful if many farmers in the state were influenced in the least by it.

Simeon De Witt, surveyor-general of the state from 1784 to 1834, as early as 1799 proposed a state-supported agricultural college, and until his death in 1834 tenaciously advocated the idea. His cousin, De Witt Clinton, one of the great governors of the state, while in office in 1818 urged the establishment of means to give agricultural instruction. The state board of agriculture in 1819 encouraged the effort. Elkanah Watson, founder

of agricultural fairs in New York, in 1819 tried to secure the support of the state to establish a model farm, with a professor of agriculture, and for 70 years statesmen, scientists and farmers advocated instruction in agriculture. After 105 years of effort, the state established a College of Agriculture on the foundation laid by Ezra Cornell in the Cornell College of Agriculture.

Meanwhile, the state had come to the aid of agriculture in several other fields. By an act of the legislature in 1880, an agricultural experiment station was authorized, but the act was declared unconstitutional and a new bill had to be drawn, which was passed in 1881. The governing board for the new institution selected a site at Geneva, and title was taken over by the state in 1882. At first the true office of an experiment station was but dimly perceived by the farmers of the state. They were half-expectant, half-suspicious, and all critical. They clamored for personal service, free seeds and plants, and demonstrations on private land. The institution was happy in its first director, Dr. E. Lewis Sturtevant, and its first board, who set forth clearly that the work of the station was to discover fundamental facts and principles as a basis of farm practice. In 1923 the station became a part of Cornell University.

Three other state-supported institutions aiding farmers are the New York State Veterinary College, which came into existence in 1894, the New York State College of Forestry located at Syracuse University in 1911, and the State College of Home Economics taken over by the state from Cornell University in 1927. State schools of agriculture were established at St. Lawrence University in 1906, Alfred University in 1908, Morrisville in 1908, Cobleskill in 1911, Farmingdale in 1912 and Delhi in 1913.

The state does three things for agriculture—teaches, investigates, and enforces agricultural law. In the main, teaching and research are confined to the agencies discussed above, while the

enforcement of agricultural law is delegated to the Department of Agriculture and Markets with headquarters at Albany. This arm of state government had its origin in 1884 as the State Dairy Commission. In 1893 the name of the commission was changed to Department of Agriculture, which in turn became in 1917 the Department of Farms and Markets; and again, in 1921, the name was changed to Department of Agriculture and Markets. In its earliest years, this department had few laws to enforce, but state laws now touch in one way or another almost every product of the farm. There are laws concerning diseases of live stock, insect and fungus pests, grades of fruit and vegetables, feeds, fertilizers, seeds, adulterations, and weights and measures, to name but a few.

One of the teaching activities, now less active than some years ago, is the farmers' institute, which dates back to 1886. Until the county farm bureaus became active in 1911, the farmers' institute was the leading avenue of approach from the state to its rural population in giving agricultural information. The farmers' institute in New York had its inception in the minds and activities of Professor I. P. Roberts, of Cornell University, and J. S. Woodward of the *Rural New-Yorker*. At their call, the first institute was held at Cornell University, February 16-18, 1886.

The oldest devices, and the most important in colonial days, to encourage agriculture were fairs and markets. After the Revolution, as a result of the pioneer work of Elkanah Watson, there developed a system of state and county fairs. In 1841, the state appropriated \$8,000 for fairs, and in September of that year the first State Fair was held in Syracuse. Previous to that time, several counties had held fairs, and sooner or later every agricultural county in the state had its fair, nearly all of which prospered until within the last few years, when local fairs, one after another, have closed, chiefly because of the counter attractions

of modern times, but somewhat because they have ceased to function as farmers' fairs and have been given over to commercialism. Not so the State Fair. From 1841 to 1899, it was sponsored by the State Agricultural Society, when it was taken in charge by the state. Since 1890 the State Fair has had a permanent home in Syracuse, previous to which time it had moved from one city to another in every part of the state.

### AGRICULTURAL ORGANIZATIONS

The Society for the Promotion of Agriculture, Arts, and Manufactures, organized in 1791, was the first agricultural society in the state, and the fifth in the nation. Among the founders of this society were nearly every statesman, general, judge, large landowner, scientist and man of affairs then living in New York. After two changes in name and charter, this organization became, in 1832, the New York State Agricultural Society, which now has a record of 102 years of continuous service for the farmers of the state.

Meanwhile, as early as 1817, county agricultural societies were formed under the encouragement of De Witt Clinton and Elkanah Watson, but soon became dormant—that of Jefferson County alone persisting. The acts of 1853 and 1855 revived local societies, which in the latter year numbered 39 town and "Union" societies and 57 county organizations. The Grange, founded in 1867, had its first chapter in New York at Fredonia; in 1932 there were 873 chapters, with a membership of 131,548.

In the 142 years that have elapsed since New York farmers began to organize, agricultural bodies have multiplied apace. There are now (1935) more than 4,000 organized groups of farmers, counting granges, in the state. Early farming organizations in the state covered the whole field of agriculture; more and more they have become specialized, until there is now one or many for almost every conceivable phase of the plant and



animal industries. New York agricultural organizations differ from those in most other states in that they do not ask for state aid, but pay their own way with dues and assessments. Neither are they, as in so many other states, the offspring of officialdom, but are farm-made and farm-managed. Taken together, they form an integral and vital part of the state's agriculture.

This account can hardly be brought down to the present moment, when an almost new set of agricultural problems is coming into being, making changes so profound that a history of them needs the perspective of time. Some of the new forces are farm economics, rural sociology, agricultural credit, large-scale coöperation, farm mortgage loans, and the artificial fixing of farm prices. Seemingly we are at the beginning of a new agricultural era throughout the whole world, in which there is to be a radical reconstruction in the business of farming, rather than in the art-and-science transformation which have been the chief themes in this survey.

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— IV —

# WEALTH AND BANKING IN NEW YORK STATE

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# WEALTH AND BANKING IN NEW YORK STATE

## THE INCOME OF THE STATE

**W**EALTH in its general sense is as old as the human race, but wealth in its present economic sense and form is the product of economic institutions. The history of the growth of the wealth of New York State is a history of the growth of the state in economic organization and in the working out of the economic arrangements that have led to the increase of its income. It is, therefore, in the first place, a review of the causes that have enabled the state to obtain control of an income through economic service to the community; and it is, secondly, an analysis of the contemporary factors which are contributing to the maintenance of its existing position as a producer and owner of wealth in the modern sense.

Banking is that element in the organization of society which provides a mechanism of exchange for goods, and it is thus closely allied to the history and growth of wealth. It serves both as a means for the recording and measurement of wealth and income, and as a medium through which such wealth may be held in liquid form pending its distribution or diversion into the manifold channels into which it is ultimately diverted. It traces the process by which the growth of wealth in any given place or region is interlocked with that of the entire nation or community of which it forms a part. It must be studied, in large measure, through the forms it assumes, as well as through the gross results it yields.

As thus conceived, the study of wealth and banking is a study of the means and results of economic processes as resulting in monetary or financial statements or estimates of wealth. From this point of view, therefore, a study of the wealth and banking

of the state of New York must deal with the subject in two aspects: the one, that of a statistical analysis of actual growth, and study of the position occupied by New York as a contributor to national wealth; the other, that of an account of the center of American finance and banking, and, hence, the keystone in the entire structure of national financial organization as now built up. The present chapter endeavors to deal with the subject in these two aspects.

Such a study may well be introduced by a citation of such authentic efforts as have been made to furnish an estimate of the present position of the income of the state, perhaps the best measure of its wealth, as compared with the aggregate wealth of the nation. The following figures represent possibly the most accurate estimate, available for a recent year, of the income status of the people of New York:

INCOME OF NEW YORK STATE IN 1919

|  |                       |
|--|-----------------------|
| Nonagricultural Persons having over \$2,000  | \$3,727,257,000       |
| Nonagricultural Persons having under \$2,000 | 4,593,156,000         |
| Farm Laborers                                | 127,650,000           |
| Farmers                                      | 312,996,000           |
| Corporate Surplus                            | 313,800,000           |
| Total  | <hr/> \$9,074,859,000 |
| Total, excluding Farmers and Farm Laborers   | 8,634,213,000         |

The subject of national or community income is always difficult, and within recent years has given rise to much controversy among those who have devoted themselves to this branch of specific investigation. Notwithstanding the abundance of data of many financial sorts possessing an indirect bearing upon the general question of income development, it still remains difficult to formulate an accurate estimate of wealth and its yield for any given portion of the United States. The problem of forming

such an estimate was attacked some years ago by the National Bureau of Economic Research, which sought to develop an approximate estimate of wealth for the United States as a whole and to some extent to localize or specialize it as far as possible. In the foregoing table, a brief summary of the work of this Bureau, in so far as it affects the state of New York, has been afforded, with a view to sketching the proportion of national wealth and income which the state was considered to possess at the time the estimate was made—about 1919. Considerable changes in income have taken place since that date, not a few persons estimating that there has been a decline variously stated at from 25 to 50 per cent in gross national income. How far such a reduction in national income would be reflected in the wealth and income of New York, it would be difficult to say. Probably the reduction, whatever it may be, would be by no means so great in New York, because of the varied character of its population, resources and occupations, as compared with those parts of the country where there was a more highly specialized and limited earning power, as for example, in those portions of the country which are purely agricultural or in those which are primarily manufacturing and industrial. If we suppose that a falling off of one-third in the income figures already provided may be characteristic of New York State and City, we shall probably be making full and adequate allowance for the changes which have taken place as a result of the conditions consequent upon the panic of 1929. It should be borne in mind that such reductions are doubtless transitory and that we may reasonably expect that within a comparatively short period, recovery, probably not to the inflated levels of the prepanic period, but nevertheless to a level somewhat approaching the figures already quoted, will take place. It will continue to be true for a good while to come that the revenues of the state will be derived, as in recent years, from a combination of sources, including, as con-

spicuous elements, agriculture, manufacturing, transportation, merchandising, and banking and financing.\*

### THE FOUNDATIONS OF THE WEALTH OF NEW YORK

New York State occupies a unique position in possessing all three of the fundamental requisites to the growth of wealth. It is a state of rich agricultural and other natural resources; it is the center of a varied and extensive manufacturing industry; and it is a large wholesale and retail distributor of the products of others—both of foreign and domestic origin. Included in this latter classification, must always be remembered the fundamental service performed by the state of New York as a middle-man in finance and banking, due to the circumstance that national financial organization has, for long years past, centered around the institutions which were domiciled in New York, and has in large measure been directed by them. A study of the wealth and banking position of the state must, accordingly, deal with each of these factors in turn, and must attempt to synthesize the results of them as a general whole. The question how

\* One estimate worthy of comparison with the figures just furnished in the text above has been prepared under the auspices of the publication, "Sales Management," and is as follows:

#### SPENDABLE MONEY INCOME OF NEW YORK STATE IN 1932

|   |            |
|---|------------|
| Population, Cities over 10,000                        | 10,231,498 |
| Population, State                                     | 12,852,406 |
| Automobile Registration, Passenger Cars:              |            |
| Under \$1,000   | 1,035,848  |
| Over \$1,000  | 872,258    |
| Retail Sales, estimated:                              |            |
| Total (In Thousands of Dollars)                       | 4,646,342  |
| Per Capita  | 361.5      |
| Per Cent of United States Total                       | 15.85332   |
| All Spendable Money Income (In Thousands of Dollars): |            |
| Industrial  | 7,935,789  |
| Farm  | 189,618    |
| Total   | 8,125,407  |
| Per Capita  | 632.2      |
| Per Cent of United States Total                       | 18.85907   |



this enormous income which constituted so large a percentage of the entire receipts of the United States has been developed, with the corresponding ownership of wealth which underlies it, must now be considered.

It is, of course, obvious that this commanding position which the state now occupies, and in which it dominates many of the fundamental elements of business in the United States, was not achieved without a long process of growth. Historically stated, the earliest of the foundations of the wealth of the state was furnished by agricultural enterprises. From the earliest period of the Dutch settlement, the fertile land of New York was recognized as the true origin of its wealth, and the constant extension and improvement of cultivation, and the application of scientific methods to agriculture, has been characteristic of state management throughout its whole history of 150 years, and through the many transformations of its agriculture. In the case of New York, as in that of other American commonwealths, complete and accurate statistics are unavoidably lacking for the early years of the period of development; but the earliest of American censuses was, perhaps, more thorough in its survey of New York conditions than of those of any other region, except the New England States. In successive census enumerations and in the studies prepared by the Department of Agriculture of the state, these early data have been brought down to current times, and they show a situation in which today the total cultivated area of the state is 8,154,000 acres, with an annual output estimated as \$384,000,000 (including animals), or approximately 3½ per cent of the entire agricultural production of the United States.

The growth of agricultural wealth in New York State, although steady during the early years of the nineteenth century, was necessarily limited, as was the case in all of the other American colonies, by the absence of quick transportation and by the consequent necessity of locally consuming what was produced.



Recognizing the fact that its geographical position, singularly fortunate with respect both to the seaboard and the mainland, opened a wonderful opportunity for economic development, the state very early applied itself to the improvement of transportation. The Erie Canal, begun in 1817, was succeeded by a series of other canal projects designed to complete a waterway system, with varying success; and the "internal improvement era" resulted in enlarging the mileage of navigable rivers and of canals by fully 100 per cent, besides adding practicable highways to the extent of several hundred miles. This early period of exploitation of what may be called natural transportation facilities, was, in New York, as in other states, given a quick turn in a new direction by the advent of steam transportation, both on land and water. The Baltimore and Ohio Railroad, the first organization of its kind in the United States, had been brought into existence before 1830. It was quickly succeeded by similar lines of construction which selected various practicable routes through the state of New York.

Of these the first objective was that of connecting the Great Lakes with the ocean, which, in practice, meant the establishment of connecting routes between Buffalo and New York City.

The roads later consolidated into the New York Central established connections between Albany and Buffalo in 1842 and through trains the following year; the Erie completed its route to Dunkirk in 1851, later changing its terminus to Buffalo; and the later growth of the Great Lakes ports, including Chicago, soon led to the conception of transcontinental lines, designed to bring the eastern metropolis into communication with the western.

At the opening of the Civil War, the internal communication system of the state had been efficiently developed, with the result that its resources were capable of more effectual use than those of practically any other state in the Union. It was something

more than a coincidence that at the same time that its development was in progress, oceanic steam communication had been under consideration. From the first introduction of steam by Fulton on the Hudson, to the first transatlantic passage of a steam vessel in 1838, there was steady progress in the development of marine engineering and marine steam construction. The introduction of iron shipbuilding, after 1850, determined the possibility of transatlantic carriage upon a large scale, and laid the foundation of the world trading which has since that time been coming in an increasing measure to New York City, and through it to the state of New York.

Post-Civil-War transportation history in New York has been concerned with the growth and perfecting of the system of river, rail and canal transportation, which had been developed by the early merchants and public men of the state, and in all these branches of transportation the progress achieved has been notable. Development of the Barge Canal, completed in 1920, afforded an eastern extension of the Great Lakes system of internal waterway communication and tended to accelerate the growth of the terminal and storage facilities for which the city of New York was already becoming famous. The projected Saint Lawrence Gulf Deep Waterway, connecting the eastern seaboard along the northern shore of the state, represents the latest undertaking designed to improve and develop the remarkable system of transportation for which the commonwealth has already become noted.

Together with the trunk-line connections which the New York Central, Erie, and other roads had early established during the period of transcontinental transportation development after the close of the Civil War, the state had thus become the most important gateway of the nation to the transatlantic countries. The idea of a great terminal point, in which should be accumulated all sorts of goods passing out of and into the national terri-

tory, came into existence as soon as the prospect of efficient transportation facilities had become firmly established, and eventually took legal form in the legislation creating the New York Port Authority. The idea of a free port, like Hamburg and other European entrepôts of like sort, was discussed at frequent intervals after 1900, and to some extent even earlier, but has always been prevented from attaining any definite success by the tariff system and its ancillary policies.

How greatly the state was thus to profit from its geographic position as an intermediary or transshipment point, may be appreciated by considering the entries of goods at the Port of New York, and the exports sent abroad from the same point, as well as the proportion of the total foreign trade of the United States represented by these figures. In the following table, data for 1934, designed to set forth the gradual growth of the state as the seat of a great through port, are presented, and from them may be readily inferred the steady accretion of a new source of wealth represented by the returns derived from the handling and trading in goods passing out of and into the country as a whole.

DUTIES COLLECTED AND VALUE OF GOODS IMPORTED AND  
EXPORTED (United States, Calendar Year Ending  
December 31, 1934).

(In Thousands of Dollars)

|                  | <i>Nation</i> | <i>New York</i> | <i>Buffalo</i> |
|------------------|---------------|-----------------|----------------|
| Duties           | 289,210       | 157,616         | 4,041*         |
| Value of Imports | 1,635,637     | 834,432         | 48,927         |
| Value of Exports | 2,133,366     | 733,941         | 64,837         |

\* Fiscal year.

The great development that has been attained by the business of New York through the exercise of this "middleman" function may likewise be appreciated in other ways. Among these

should be mentioned the evolution of an extended system for warehousing and storing goods, holding them in readiness for use whenever they might be called for at home or abroad. This warehousing system has been carefully studied by the New York Port Authority (organized in 1912), which had as its mission the study of the cost of doing business in New York and the description of its mechanism for receiving, holding and delivering such goods. Owing to the geographical situation of the city, it is necessary to consider, in any reasonable review of its position from the wealth and banking standpoint, the great developments in storage and warehouse facilities and in transportation terminals within the entire metropolitan district, including that portion of New Jersey along the west bank of the Hudson. The data published by the Port Authority, as well as by other coördinate sources, indicate the steady growth of the business of warehousing and storing in New York City.

A somewhat similar development has taken place at Buffalo, and on a smaller scale at one or two other cities; but there are no satisfactory figures indicating the aggregate development of the sort here referred to.

Another index of the preponderating place taken by the city of New York in this branch of business is furnished by the figures of the Bureau of Foreign and Domestic Commerce relating to the in-transit and transshipment trade of the United States. Thus for the calendar year 1933, values may be summarized as follows (In Millions of Dollars): Grand Total, 136.2; New York, 111.6; Gulf Coast, 2.0; Mexican Border, 3.2; Pacific Coast, 9.4; Northern Border, 6.9.

Foreign transportation by water is, of course, a national industry and, as such, not one that specifically belongs to any particular port or state. Nevertheless, the tendency of such transportation to centralize itself at specified points has resulted throughout the world in the creation of large entrepôts, among which New York is today conspicuous. In such cases the volume



of tonnage arrived and departed, and the total number of companies involved in the handling of transportation business and domiciled at the center, furnish not only an important measure of the position of the point in question, but also indicate the growth of a source of wealth which must be reckoned as significant in its relationship to the general economic position of the center.

Figures showing the movement of tonnage into and out of the Port of New York, during a period of years, and the number of foreign and domestic steamship companies, with their capitalization, that are domiciled in the city, afford a rough guide to the growth of this source of wealth. There are no accessible data capable of showing the total amounts of income accruing from operations of this class but, as is of course obvious, many of the companies in question are foreign-owned and transfer their net earnings to stockholders in other countries, while leaving behind them in New York the larger part of their gross incomes in the form of payments for expenses of operation and taxes. The following table indicates the distribution of tonnage among American customs districts:

VESSELS CLEARED FROM UNITED STATES CUSTOMS

DISTRICTS, 1933

|                         | <i>Tons</i><br>(In Millions) |                     | <i>Tons</i><br>(In Millions) |
|-------------------------|------------------------------|---------------------|------------------------------|
| Grand Total             | 60.9                         | Gulf Coast District | 7.1                          |
| North Atlantic District | 26.3                         | Mexican Border      | 0.2                          |
| New York District       | 19.6                         | Pacific Coast       | 14.2                         |
| South Atlantic District | 3.70                         | Northern Border     | 9.4                          |

It must not be supposed from what has been said that the entire function of distributing business and acting as port of entry was absorbed by New York City. Substantial services of the same sort were developed at other points; Buffalo particu-



larly, occupying a strategic location at the east end of Lake Erie, has been in a peculiar position to influence the flow of lake trade. There have been many reasons why the movement of the northwest grain and other staple crops should be down the Great Lakes toward Buffalo, and from thence by water or rail to New York City as a point of storage and export, rather than that the freight movement should pass on toward Canadian points, with their harbor outlets largely icebound during a considerable part of the year. Without going into these factors in detail, it is enough to say that the development of Buffalo with reference to the trade of the Great Lakes region has been very similar to that of New York City as a national point for the gathering of export and import commodities destined to foreign countries in the Western Hemisphere.

A brief review of the lake trade illustrates clearly the position of Buffalo and its commerce in the business of the country. For the year 1930, the last for which complete data are available, of a total of 117 million tons of receipts and 122.2 million tons of shipments, Buffalo represented 12.5 million tons of receipts and 2.6 million tons of shipments; occupying as regards receipts the first place, while as regards shipments it stood second, the lead being held by Duluth, through which the iron ore exports of the Minnesota region pass to the seaboard.

#### MANUFACTURING AND DISTRIBUTION

The growth of manufacturing throughout the United States has been carefully studied by the Census Bureau, which has prepared elaborate data, indicating by periods, first of ten-year intervals and later of five-year intervals, the increase of manufacturing enterprise throughout the nation by states. Increase in actual manufacturing and in number of persons employed has been greatest during the years 1890 onward; thus indicating that New York, early recognized as conspicuous among the

manufacturing commonwealths of the country, has tended during recent years to improve rather than to recede in importance.

NEW YORK STATE, MANUFACTURES  
ALL INDUSTRIES

| <i>Year</i> | <i>No. of Establishments</i> | <i>Value of Products</i><br>(Millions of Dollars) |
|-------------|------------------------------|---|
| 1914        | 48,263                       | 3,814   |
| 1919        | 49,330                       | 8,869   |
| 1921        | 38,102                       | 6,972   |
| 1923        | 38,183                       | 8,959   |
| 1925        | 33,392                       | 8,968   |
| 1927        | 36,650                       | 9,400   |
| 1929        | 39,395                       | 9,978   |
| 1931        | 34,642                       | 6,554   |

The reasons for this growth of manufacturing are easily to be enumerated. Any manufacturing success is attained as the result of a combination of several factors. Among the most important of these are access to adequate capital, the existence of an intelligent and skilled population, and economical and convenient facilities for transportation. If to these be added the presence of natural resources readily available, the combination of circumstances is complete for the development of a leading position in manufacture. In the case of New York State, access to raw material can not be rated as one of these primary advantages. While its agricultural production has been rich and abundant, as already stated, and while in some respects its mineral and timber resources have been valuable, it must, for the most part, rely on outside sources of supply for the materials of manufacture. It is in the other particulars, therefore, such as access to capital and presence of efficient labor and transportation advantages that the state has had to rely in its upbuilding of a manufacturing industry. This manufacturing industry has

not been unduly concentrated, but has been widely spread throughout the state, through the development of many industrial centers in which the output has been the result primarily of skill and the addition of high value to raw material, rather than the development of mass production or the turning out of crude products.

To the tables already given, may properly be added census figures showing the detailed amount of wages disbursed during recent years, and the aggregate number of persons employed in mills and manufacturing plants generally, as an indication of the increment of national wealth annually obtained through manufacturing.

WAGES DISBURSED IN NEW YORK STATE

|      | <i>No. of Persons</i><br>(In Thousands) | <i>Amount</i><br>(In Millions of Dollars) |
|------|---|---|
| 1914 | 1,057                                   | 631                                       |
| 1921 | 1,228                                   | 1,303                                     |
| 1925 | 1,066                                   | 1,533                                     |
| 1929 | 1,105                                   | 1,650                                     |
| 1931 | 848                                     | 1,106                                     |

It appeared to be part of the commercial destiny of New York from a very early period that, in addition to being an important agricultural and manufacturing state, it should become conspicuously a center for wholesaling, retailing and general merchandising of goods. What has already been said of the conspicuous position developed by the city of New York as a channel through which exported and imported goods should flow has, of course, a direct bearing upon this matter of prominence in merchandising; yet, it would have been entirely possible that New York should be merely a point of entry, as has been the case of many other great cities. Instead of that, the position of New York had seemed to dictate that it should not only be

the intermediary through which shipments occurred both outward and inward, but that it should also become a center for the conversion of goods into finished form and for their display and sale pending distribution to the interior. Thus an important part of New York's occupation and income has come to consist of wholesale and retail merchandising and distribution, the city being today unquestionably the principal center of the United States in the establishment of fashions and in the numerous industries which grow out of the occupation of so commanding a place in the eyes of consumers. The facts, already mentioned, which have tended to bring about the selection of New York as headquarters for chain-store and other combined enterprises, have naturally furnished a background for such retail developments, making the city of recent years headquarters for national retailing on a large scale. To differentiate statistically between this function and that of individual selling and distribution is difficult.

Nearly every important primary or staple product now has a definite exchange located in the city of New York, and designed for the facilitation of trading operations in that particular kind of product. The organization of such exchanges has naturally taken place somewhat parallel with the development of the business of the country in exporting and importing, and in conducting the middleman functions to which reference has already been made. The New York Stock Exchange, formed in an elementary way in 1817 and organized substantially in its present form in 1854, represents the parent or typical organization after which other local exchanges and other stock exchanges elsewhere have been modeled. With its listing of stocks numbering over 1,300 and of bonds close to 1,500 items—domestic and foreign—the New York Stock Exchange today represents a world center of financial influence, while the income derived by its members from the volumes of transactions, which at times



have run as high as one billion shares in the course of a year, constitutes an important source of the city's income, properly to be classed with the revenue derived from the issue, flotation and underwriting of new securities elsewhere referred to. The Curb Exchange and other agencies for dealing in stocks, paralleled by the great commodity exchanges, of which the Cotton Exchange is probably the most highly organized and possesses the largest volume of business, represent in the aggregate an important source of revenue—probably more than equaling that furnished by the Stock Exchange itself. The listing of shares on the Stock Exchange is now the hall mark of securities that enjoy a wide market either of the investment or speculative character, so generally diffused throughout the country as to induce the governors of the Exchange to undertake the listing of the issues in question.

#### THE GROWTH OF FINANCIAL ORGANIZATION

The data relating to sources of wealth, while full of interest in themselves, assume an added significance when they are interpreted from the standpoint of their meaning as elements in the general financial development of the country. In this connection, too, mention must be made of some of the outstanding factors which have contributed to the peculiar prominence of the state and the city of New York in the field of finance. This prominence was already indicated early in the nineteenth century by the mere fact of age and greater population, and was shortly enlarged by the activity to which we have already referred in the development of transportation and by the growth of foreign business. There is, however, a series of events which must be regarded as crucial in connection with the upbuilding of the position of the state and city.

Prominent among these is, undoubtedly, the installation of Stock Exchange trading, which in its present form dates from



approximately the decade 1850-60, and which owes its origin to the necessity of a financial market in which securities could be readily bought and sold—a market then practically absent in the United States, although already highly developed at European points for many years past. The steady growth of the New York Stock Exchange, followed later by the Cotton Exchange, and still later by a large group of other exchanges, now numbering more than forty, must be attributed in considerable measure to the freedom with which such organizations were permitted to operate and the absence of undue restriction on the part of the national government. If it be true that this freedom of operation resulted at times in abuses and excesses, it is also true that the price of these evils had to be paid in a large proportion by those who were guilty of them; and that, in any case, the expansion of the business was primarily due to the fact that it was allowed to take its own course and to enjoy the results of skillful management at the same time that it had to pay the penalty of unwise or unsound policy.

The operation of the exchanges in New York City has resulted in the establishment of that city as the primary market place for stocks, bonds and other securities, as well as for cotton, metals and other staples of domestic production, as also for foreign commodities, inclusive of coffee, sugar and other staples, with the result that a large element of current income is derived from the fees and commissions obtained by issue and brokerage houses and by merchants engaged in these various lines of business.

This survey should not, however, be regarded as complete without a similar sketch of the work of New York in the issuance of new securities for general distribution. Figures relating to such new security issues have, unfortunately, been compiled only during recent years, but the summary given on page 137 below furnishes data covering a brief range and showing the



WALL STREET, ABOUT 1825



WALL STREET, ABOUT 1850



remarkable growth of the process of marketing new issues, chiefly floated in New York City during recent years.

In the economic history of most states, the premier place is occupied by factors of the sort already described, and covering transportation, agriculture and physical production. In the case of great centers of business and finance, there is added to this, as we have already seen, the group of industries which have to do with the carrying and financing of business, as well as with the management of speculative markets designed for the fixing and equalizing of prices. This function, as already indicated, has fallen conspicuously to the city, and through it to the state, of New York, the result being to make this state easily the first among American commonwealths so engaged.

In reviewing this progress, several items of outstanding importance may be selected for analysis, in pursuit of the method already adopted for the study of the general economic position of the state, viewed as a whole. Of the factors thus to be studied on the financial side, the first is necessarily that of banking—a field in which New York, from the colonial period onward, has occupied a premier and growing position. The following brief table furnishes data showing at the latest available date (*Comptroller's Report*, 1934) the amount of bank capital represented by banking institutions of New York, stated in comparison with aggregate bank capital of the United States:

ALL BANKS (Licensed)  
(June 30, 1934)  
(In Thousands of Dollars)

|                       | <i>United States</i> | <i>New York State</i> |
|-----------------------|----------------------|-----------------------|
| Capital               | 3,530,724            | 1,036,565             |
| Loans and Investments | 42,498,876           | 15,402,671            |
| Deposits              | 46,400,695           | 16,083,390            |



Growth of the financial power of the state has been steady, but at an increasing rate since the beginning of the twentieth century, owing to the practice of banks throughout the nation in placing their funds with New York institutions for disbursal.

One phase of the peculiar banking situation which greatly contributed to the development of New York was afforded by the peculiar provision of the national banking law which authorized interior banks to carry portions of their reserve funds in so-called "correspondent banks" located in central reserve cities, of which there were three—New York, Chicago and St. Louis. It was not long, however, after the enactment of the National Banking Act containing this provision, that New York began to take marked precedence over the other cities which had been designated as "central reserve." Accordingly, from that time forward, the growth of these "outside deposits" with the New York market was continuous and large. The enactment of the Banking Act of 1933 has caused a definite reduction in this item of bank deposits, but the loss may be temporary, and in any case is not a considerable proportion of the total. Professor Watkins has sketched the development of these balances within recent years as follows:

There has been a considerable increase in the amount of inter-bank deposits since 1914. Between 1902 and 1914, aggregate inter-bank deposits held by all banks in the United States increased from 1,393 to 2,705 million, and deposits reported as due from banks increased from 1,562 to 2,873 million. By 1926 the two amounts had increased to 4,297 and 4,031 million, respectively. For all national banks, deposits held for the account of banks grew from 1,243 in 1902 to 2,186 million in 1914; by 1926 they amounted to 2,866 million. The deposits maintained with banks by national banks were 819 million in 1902. By 1914 they had increased to 1,391 and by 1926 to 1,481 million. The distribution of these deposits among the several groups of banks has not changed radically since the establishment of the Federal Reserve



System. Country national banks reported 51.6% of the amount carried on deposit by all national banks in 1926, compared to 48.8% in 1902 and 46.2% in 1914; the remainder was made up mainly of the deposits of reserve city banks. Concentration in New York City, which characterized the earlier period, has continued, though New York banks have lost ground relatively to banks in interior cities which have been springing into prominence. In 1926, New York banks held 32.8% of the bankers' deposits held by national banks, compared to 35.9% in 1902 and 33.2% in 1914. In 1926, reserve city banks held 43.0%, as against 37.2% in 1902 and 40.6% in 1914. Federal Reserve bank cities have been the largest gainers in the reserve city group.

This growth in the volume of funds placed at the disposal of New York banks by other banks, which have preferred to leave the investment of their spare resources in the hands of New York institutions, has inevitably contributed in an important way to the volume of fluid funds, and hence to the income derived from the control and direction of these funds that was in the hands of the bankers of the state and city of New York. The funds thus placed at their disposal have assisted in maintaining speculative and investment operations upon an active basis, and have enabled the banks to carry on financial undertakings which would otherwise probably have been out of the question. They will doubtless continue under one guise or another, in the future as in the past, to aid in the extension of New York banking transactions.

The national banking system, paralleled by the growth of strong local state banks (and later trust companies) culminated in the establishment of the Federal Reserve system, whose organization was for a time regarded by bankers as likely to reduce in some measure the relative importance of New York in comparison with other parts of the country. There was never the slightest warrant for any such expectation, since it is broadly

true that the position of any city or state is dependent fundamentally upon its power to promote the general welfare, and is not likely to be influenced, except indirectly, by artificial or incidental changes in financial organization. Least of all is any injurious effect to be anticipated from the latter source if it be true that the change referred to is nothing more than the recognition of the right of others to compete. The Federal Reserve system, in fact, was so far from damaging or impairing the position of New York, that interbank deposits, as already shown by the figures furnished, have steadily grown in the banks of the state, while the holding of foreign balances, practically negligible prior to the organization of the Federal Reserve system, has at times reached a point of extraordinary importance, amounting about the year 1927, according to Treasury estimates, at not less than two billion dollars, probably its maximum point.

In reviewing this condition of marketing, banking, and finance generally, it is essential not to confine the attention to purely legislative or local considerations, but also to bear in mind the influence exerted by great changes in world trade and finance. Important influences of this kind have, from time to time, been exerted upon the position and prospects of New York. Conspicuous among them, of course, may be mentioned the Civil War, with its enormous effect in expanding marketing facilities provided by New York City; the later wave of immigration which centered at the port of New York and resulted not only in an extensive business of shipping, transshipping and distributing population, but also in a steadily growing business of remitting, transferring, and exporting and importing, which was perhaps the greatest single economic force of its kind during the nineteenth century.

The World War, with its complete transformation of foreign trade and its transfer of purchasing and marketing from European to American points, necessarily produced its most direct

influence upon the business and finance of the state and city of New York, and laid the foundation for the immense increases of every kind that subsequently took place in the holding of balances, the issue of securities, and general accumulation, transfer and distribution of wealth. The figures already cited must be interpreted in the light of these basic elements, which from time to time effectively operated to stimulate the development of business, but eventually resulted in bringing the financing of the state and city to their present situation.

#### CONCENTRATION, FOREIGN BORROWING, INVESTMENTS

Closely allied to these purely financial developments, considerable weight must be given to the general concentration movement in American industry, which has had the effect of placing the financing of large groups of mills and retail and other establishments in a single hand. The concentration movement, which may be said to have begun before 1890 in a decidedly noticeable form, not only produced large aggregations of capital, but it also tended to centralize the management of these organizations. Two factors may be singled out as conspicuously significant of these processes: the one, the condition of corporate organization; the other, the facilities for the current management of financial business. In both particulars, New York early showed itself to be an attractive locale for development. The New York legislature early proved favorable to the growth of corporate effort, and sponsored the limited-liability principle soon after its adoption in the British Companies Act dating from the year 1862. Its codes of legislation were esteemed favorable to corporate organization down to about 1890 or later, with the result that the organization of corporations was an extensive and growing "industry."

The other consideration—that of access to financing facilities—was already guaranteed by the facts which we have enumer-

ated in connection with banking and speculation. The conspicuous organization of the New York Stock Exchange and the immense growth of New York banks, both in their capital resources and in their holdings of deposits from all parts of the country, dictated the choice of New York City as the place in which to centralize the head offices of large business and manufacturing enterprises. From the year 1890 onward, New York City accordingly became a more and more important center of administrative and financial control of business, with the result that larger and larger sums, drawn from the current receipts of industrial enterprise, were deposited in New York banks, and larger and larger staffs were engaged in the handling and administration of corporate financial and fiscal affairs, with corresponding disbursement of wages, salaries and other payments upon a large scale. The situation thus developed was in its earlier years difficult of statistical estimate, but the adoption of a Federal income tax has provided figures which permit some approximate computation to be made of this source of revenue. In the following brief table are furnished official figures for the corporate income taxes collected in New York during recent years, with percentages, designed to show the proportion of such receipts to the aggregate in-payment of corporation taxes for the nation as a whole. The figures thus supplied should, of course, be modified by weighting the proportion in some fashion to show the comparative real volume of invested income in the state of New York, as compared with similar investments of the remainder of the country, but the present state of our statistical data would not permit of an accurate estimate of this kind. We must therefore confine ourselves to a rough approximation such as is afforded by the gross figures already furnished, which show the general relationship between the aggregates of corporation income taxes paid in New York and those collected throughout the remainder of the country.



INTERNAL REVENUE RECEIPTS (1934)  
(In Thousands of Dollars)

|                                | <i>Nation</i> | <i>New York</i> |
|--------------------------------|---------------|-----------------|
| Income Tax                     | 817,025       | 260,844         |
| Miscellaneous Internal Revenue | 1,483,790     | 268,150         |

One further element of comparison may be mentioned before leaving this phase of the growth of the financial activity of New York. This is the development of an international financial market which, perhaps, may best be estimated by a tabulation showing the total amount of foreign bonds floated in the New York market, remembering that, with very few minor exceptions, these represent close to the aggregate of such flotations in the United States. The table in question is taken from the figures furnished by the Federal Reserve Board, and supplies in rough general form the annual totals of securities disposed of during recent years:

## CAPITAL ISSUES

(Long-term; i.e., 1 year or more. In millions of dollars)

| NEW ISSUES   |        |       |                           |                       |        |         | REFUNDING                    |
|--------------|--------|-------|---------------------------|-----------------------|--------|---------|------------------------------|
| DOMESTIC     |        |       |                           |                       |        |         | ISSUES                       |
| Year         | Total  | Total | State<br>and<br>municipal | Corporate             |        | Foreign | (domestic<br>and<br>foreign) |
|              |        |       |                           | Bonds<br>and<br>notes | Stocks |         |                              |
| 1925 . . . . | 6,201  | 5,125 | 1,352                     | 2,452                 | 1,153  | 1,076   | 925                          |
| 1926 . . . . | 6,314  | 5,189 | 1,344                     | 2,667                 | 1,087  | 1,125   | 1,046                        |
| 1927 . . . . | 7,556  | 6,219 | 1,475                     | 3,183                 | 1,474  | 1,337   | 2,220                        |
| 1928 . . . . | 8,040  | 6,789 | 1,379                     | 2,385                 | 2,961  | 1,251   | 1,858                        |
| 1929 . . . . | 10,091 | 9,420 | 1,418                     | 2,078                 | 5,924  | 671     | 1,422                        |
| 1930 . . . . | 6,909  | 6,004 | 1,434                     | 2,980                 | 1,503  | 905     | 711                          |
| 1931 . . . . | 3,089  | 2,860 | 1,235                     | 1,240                 | 311    | 229     | 949                          |
| 1932 . . . . | 1,196  | 1,166 | 762                       | 305                   | 20     | 29      | 538                          |
| 1933 . . . . | 722    | 710   | 484                       | 40                    | 120    | 12      | 344                          |
| 1934 . . . . | 1,402  | 1,402 | 819                       | 144                   | 35     | 0       | 792                          |



What has been said thus far has related chiefly to the growth of commercial banking in the state of New York. Incidental reference has been made to the development of security markets and to the placement of very large volumes of new securities. It is now desirable, however, to review rather more in detail the expansion of investment banking—a field in which New York City has assumed the leading position, even more distinctly than in commercial banking.

The investment-banking position of New York is usually associated with what is called the “money market,” and a review of investment-banking developments practically amounts to a study of the money market as such. Generally speaking, the investment-banking structure of New York, which has become typical of that for the entire country, is afforded by the following factors: (1) the creation of a number of large investment organizations, many of which have built up strings of branches throughout the country at strategic points where business was accumulating; (2) the establishment of investment or security affiliates of commercial banks, whose purpose it has been to carry on the investment business along lines practically similar to those originally pursued by the private investment banking house; (3) the creation of investment trusts and other organizations specifically devoted to the purchase of securities, rather than to the issuance of them; (4) generally speaking, the fact that a large group of financial organizations, inclusive of life-insurance and numerous other companies, had been developed with New York as their headquarters.

Mention should also be made of the foreign-trade organizations which have come into existence and the creation of enterprises devoted to the purchase of, and dealing in, bankers’ acceptances, largely growing out of foreign-trade operations.

In all these ways, a highly developed money market has been evolved in New York City, its operations contributing largely

to the income and profits of the financial community, and constituting an important adjunct to its purely banking side. It is difficult to estimate the amount of income accruing to the financial community through the operations of investment banking and financing, except in terms of the issues that have been floated and estimating the percentage of profit figured upon these issues as a base. Such a method of computation would undoubtedly indicate an income from investment banking during the period just before 1929 quite as large in periods of prosperity as that estimated by a London financial authority as accruing to London financiers, or about \$300,000,000 per annum.

Having thus reviewed the actual position and growth of the state of New York as a creator, distributor and owner of wealth, it is desirable to sketch, in brief, some of the major contributions in the field of finance and banking which have been made by the state and city to national thought and development in those fields. New York State was one of the first to develop the idea of a sound and well-protected system of banking, definitely overseen by the public authorities. As is well known to the student of banking in the United States, the early years of the nineteenth century had been a period of great confusion and conflict of opinion in connection with banking, not only nationally, but practically throughout the entire continent.

The experience of the nation with central banking had been carried through the era of the First and Second Banks of the United States, and had developed into the unsatisfactory state banking period, which, after 1837, followed upon the disestablishment of the Second Bank of the United States. Dissatisfied with the conditions existing in banking, many individual states undertook the organization of "systems" of their own, designed to introduce a measure of soundness and safety, and New York was one of the earliest to work out a fully developed plan for the issuance of a secure currency. This plan at first took form

in the so-called Safety Fund System, which dated from 1829 and was based upon annual payments of  $\frac{1}{2}$  per cent of the capital stock of each bank until a total of 3 per cent had been accumulated. This was followed in 1838 by a provision for the deposit of an insurance fund with the state authorities, out of which might be redeemed any outstanding note issues of banks that should be driven into the hands of receivers. This security for the currency consisting of New York State "stock," real estate mortgages and other collateral, placed with the state authorities, up to an amount equal to the notes, was a New York innovation, and in spite of the difficulties that had to be encountered by both schemes, they unquestionably constituted a decided advance over the random methods of note issue and bank organization which had come to prevail in many of the commonwealths throughout the United States. They were widely imitated elsewhere and the idea of a secured currency was adopted in the British Bank Act of 1844.

The National Banking Act, modeled in many of its essential particulars upon these state laws and particularly upon the experience of the state of New York, was framed in no small degree with the assistance of New York bankers, and constituted in an important sense the development upon a national scale of the state's own domestic contribution to the solution of the currency question. After the organization of the national banking system and the gradual development, as a reflex from speculation aggravated by war conditions, of panic and depression beginning (during the postwar period) with the year 1873, it usually fell to the banks of the state of New York to supply methods for alleviating national financial suffering. This was done upon repeated occasions through the organization of clearing-house relief, by a system in which certificates were issued against bank assets deposited with the clearing house, the certificates then being used in the payments between banks, enabling them to

continue their settlements without seriously disrupting the business of the community, even at times when the suspension or irredeemption had been necessary in order to prevent specie from disappearing. Such clearing-house action was again resorted to in 1884, 1888, 1890, 1893 and 1907, and again at the opening of the World War in 1913. The system developed in New York was thus in important particulars the forerunner of our Federal Reserve system, and was widely copied throughout the United States in various centers where banking unsoundness had developed, and where, therefore, it was essential to provide immediate means for tiding over an emergency. Such processes of tiding over were uniformly successful, in the case of the New York banks, in eventually providing a means of restoring liquidity and in bringing back the banks to a condition of solvency at least superficially similar to that from which they had departed.

When the Federal Reserve system was organized, the Federal Reserve Bank of New York, although assigned to territory naturally much smaller than fell to the lot of many other Reserve districts, found itself the largest and strongest bank by far in the entire system, with resources amounting to about one-third of the entire group of twelve Federal Reserve banks. The New York bank was thus in a position to initiate and to carry through many financial undertakings in connection with the Reserve-system management which would not have been possible to any of the other Reserve banks or, perhaps, to the entire group combined, since there was none other of them which compared in financial power with the Federal Reserve Bank of New York. The formation of the Federal Reserve system coincided closely with the outbreak of the World War, and it was not long after the installation of the banks that the pressure for war financing began to fall sharply upon the United States. When it became necessary for the nation itself to participate in the World War,



dating from early in 1917, this urgent necessity for war financing was necessarily redoubled, and it fell to the Reserve system to carry the principal burden of actual management of war-financing operations, as well as to apportion the funds growing out of them to different depositaries which could be relied upon to carry these liabilities safely, pending the time when they would be called for in meeting national necessities. With New York as the principal financing center of the country, far exceeding in the amount and variety of its financial resources any other point in the United States, and with the Federal Reserve Bank of New York far larger in resources and at that time probably more efficiently managed than any other, it was an almost unavoidable development that the Treasury Department of the United States should gradually tend to place its reliance in financing largely upon the Federal Reserve Bank of New York, and to look to it for the conduct of those characteristic financial undertakings which had been recognized as necessary to the successful management of war financing. This condition of affairs continued throughout the war, and at its close the process of restoration of liquidity and soundness, strongly insisted upon by the then management of the Treasury Department, necessarily fell back very largely upon the New York banking community for fulfillment. The financing of the war and its incidental offshoot—the financing of the Allies—is thus to be reckoned an achievement in which the banking mechanism of the state of New York must be accorded by far the largest share.

Generally speaking, both before and since the organization of the Reserve system, it has been to New York City that the Treasury Department has been inclined to look, both for the provision of immediate funds and for the development of policies appropriate to the meeting of emergencies or the fulfillment of ordinary financial requirements of the nation, as these might present themselves from time to time. The financial service of New



York City has thus not been of a purely materialistic nature, evidenced through the expansion and accumulation of wealth and the development of its sources of income; but it has also been found, as we have seen, in the formulation of projects of financial organization and in the development and practical application of means for carrying out the monetary and fiscal necessities of the country as a whole.

#### SAVINGS, LOANS, TRUSTS, LAND

One of the outstanding features of New York banking history has been the attention and care devoted to the development of savings banks and savings-bank legislation. While it is true that mutual savings banking had its origin in New England, it was comparatively early transplanted to New York, the first mutual savings bank being established here about 1817. From the earliest period down to the present, it has been the object of the legislature to protect and encourage savings banking and to subject it to the careful personal oversight which has proved to be an essential element in the growth of this type of banking wherever attempted. The Savings Bank Law of the state of New York, which provides for and recognizes the mutual savings bank as a typical institution, was a gradual growth. As now in effect, it calls for the guidance of savings banks by boards of trustees, with a personnel very carefully chosen and strictly limited in the kind of investment which they are permitted to make. This act has continued in effect, with successive modifications, to the present time, and now appears as Article VI of the Banking Law of New York State.

The supervision of the savings banks has always been a particular care of the superintendent of banking of the state. As a result of the varied types of industrial and economic activity in which the inhabitants of the state are engaged and the large number of employed persons saving, the use of the sav-

ings bank as a means of protecting savings has for many years past been widely employed, the number of depositors in New York savings banks being estimated at about two millions. The rise or fall of savings deposits has been employed by many as a more or less satisfactory indication of the condition of industry and business, affording a guide to the actual soundness and activity of trade, because reflecting the amount which workers are enabled to set aside out of their current incomes by way of building up a cash reserve fund against necessity. On the other hand, and especially within recent years, the management of New York savings banks has been so uniformly above criticism that the practice of persons of considerable means in establishing savings accounts has tended to grow; notwithstanding efforts on the part of savings bankers themselves to restrain the increase of large single deposits, the total thus carried has shown a marked advance. Today the mutual savings banks of New York State are the largest institutions of their kind, and are everywhere regarded as practically the ablest and most successfully conducted institutions of the sort in the United States. The largest volume of savings so held by any one institution has been found in New York City, and has, at times, amounted to nearly \$600,000,000.

From the beginning of New York City's commercial and financial development, an important element has been supplied by the private banking houses and banking firms of the state. They have usually been partnerships but later were subjected to the acts finally consolidated in Article IV of the Banking Law. While such bankers were, until 1933, permitted to receive deposits upon certain terms, their chief business has not been that of deposit banking, but has concerned itself primarily with the financing of industrial enterprise. In this capacity, New York has developed what has been possibly the most significant organization of private banking houses in the country—one that has ranked high among the money markets of the world.

Many of the private banks so operating have possessed large capital resources, and have been able not only to represent the fiscal and financial functions of the largest of domestic corporations, state and municipal governments, and other public organizations, but have likewise acted at times as the fiscal agents of foreign governments. Their operations have been responsible for the placement of many of the larger offerings and for some of the best, among the flotations of bonds and other obligations placed on the New York market by foreign governments and large corporations. Not compelled to file reports either with the state or Federal government, the private banking houses of New York have enjoyed a larger immunity from general public inquiry into their operations than any other element in New York finance. An understanding of the balance sheets of some of the largest among these enterprises, and a realizing sense of the extent to which they suffered as a result of the panic of 1929 and of the depression which followed the panic, is afforded by the investigation by the Senate Finance Committee during 1932 and 1933 of investment-banking conditions. As there shown, the largest of the private banking concerns had, after four years of depression, retained a capital of only about \$55,000,000, or hardly 40 per cent of its total prior to the panic, while other institutions of like sort had suffered even more severely. The activity and influence of these houses in the development of New York finance is not, however, to be measured solely in terms of figures or balance sheets.

Owing to the peculiar structure of American banking, some of the private houses have been at times arbiters of great masses of bank assets, due to the fact that, through stock ownership or through personal influence, they had become directors or managers in important banking institutions of a public nature, both national and state, so that these banks were, in not a few cases, regularly known by the name of the private banking

houses under whose supposed control they had passed—*i.e.*, as members of this or that “group.” The power of the private banking houses has been most marked when there was need for leadership in financing that was somewhat off the beaten path, or when operations were to be undertaken which had been rendered undesirable for the regularly incorporated institutions by reason of statutory restrictions. It was the prosecution of active operations of such kinds that led, in the Banking Act of 1933, to a general review of the dealings of the unincorporated associations, with the result that the final draft of the measure, as adopted by Congress, provided for a complete separation of the deposit function from that of investment banking. Under the terms of this legislation, if maintained, therefore, the private banking houses will assume a new position in New York finance—one of less importance than hitherto, but not necessarily insignificant.

It was in New York City that the first financial institution to assume the word “trust” as a part of its official or corporate title was located. This was the New York Life Insurance and Trust Company, which, in 1830, was authorized by the laws of the state to receive trusts, act as receiver, guardian, and in other similar capacities. Beginning at that early date, the spread of the business was substantial for those days, and some ten or twelve such companies were organized under the free banking law before 1850. The movement spread rapidly to other states, and gave rise to a growing business which became profitable. After 1885 trust business grew considerably, and the trust companies were soon handling some of the most important business in the city and state. The fifty years following the mid-century witnessed a great spreading out of function and the organization of trust companies with various adjuncts to their main service—or exercising some main service to which the other services had become adjuncts. Hence the growth of savings and trust com-



panies, title guarantee and trust companies, life insurance and trust companies, and others. By the close of the half century, the trust companies were well intrenched in the general banking field, beside offering the different types of trust service. The trust company law of the state (Article V of the Banking Law of New York State) had been fully developed, and had become the model for many other pieces of legislation in other commonwealths.

Expanding in the general banking field, as they had thus begun to do, the trust companies during the last quarter of the nineteenth century and the first decade of the twentieth began to press hard upon the commercial banks, and the competition thus applied led the banks in question to ask Congress for permission to engage in trust or fiduciary services themselves. This permission was granted to national banks in the Federal Reserve Act of 1913, and was at once widely taken advantage of by New York commercial banks, which themselves thus speedily invaded the trust-company field. One such New York institution before long had acquired control of the largest total of corporate trusts reported by any institution in the country, and others were gaining ground in their own special fields. The trust companies proper had not thought it needful on the establishment of the Federal Reserve system to apply for membership in the new organization, but the increasing invasion of their own field by the commercial banks, as well as the growth of pressure upon all credit during the early years of the World War, soon led the leading figures in the trust-company field to change their minds. Practically all of them had joined the Federal Reserve system before the close of the war; and their example was followed by other trust companies throughout the country. The New York banks thus again set the example for a new departure in banking, in connection with the exercise of trust-company functions, and thereby practically insured the great expansion of the Fed-



eral Reserve system. New York State institutions engaged in commercial business had at first been disinclined to enter the fiduciary field, but the example of their competitors soon altered their attitude, and they sought and obtained from the legislature of the state authority to exercise the same fiduciary function accorded to national institutions. Thus was taken a long step toward that "department-store" type of banking which has served as the topic of so much discussion during later years.

The trust company development of New York, as contrasted with other banking, has been remarkable, as may be seen from the following brief statistical summary of it, as of June 30, 1934:

|                      | <i>New York State Banks</i> | <i>New York Trust Companies</i> |
|----------------------|-----------------------------|---------------------------------|
| Loans, Discounts and |                             |                                 |
| Investments          | \$629,542,000               | \$5,664,738,000                 |
| Capital              | 59,352,000                  | 543,762,000                     |
| Deposits             | 688,420,000                 | 6,009,809,000                   |

By the side of New York savings banking, there has sprung up another type of institution intended to perform a function very similar to that of the savings banks, although in a rather different field. The building-and-loan-association development in the state assumed a position of importance about as early as that enjoyed by any of the states of the Union. Building and loan organizations had begun to assume an important position by about the year 1880. By the year 1893 the building and loan associations of New York State already numbered 390, with total assets of about \$28,877,600. The building-and-loan legislation of New York (Article X of the present Banking Law) dates from about 1880, and it had no sooner been definitely adopted than a period of rapid expansion began, which carried the system down to the World War and was succeeded, after the disturbances consequent upon the war had come to an end, by

more than a decade of even more rapid growth. A general revision of building-and-loan legislation was effected shortly after the World War, and provision was then made for a central building-and-loan bank, whose purpose it was to assist in the financing of loans carried by the various building-and-loan associations when, as, and if required. It is an interesting fact that, although building-and-loan associations had been expanded by the act of 1920 so as to be known as savings-and-loan associations and had thus come to play a part analogous to that of savings banks, they have been able throughout the depression following 1929 to maintain their undertaking to refund moneys left with them upon demand. Building-and-loan associations of the state have, like other financial institutions, thought best to unite in an association known as the New York State Building and Loan League, which performs the general function of uniting the different units and establishing a general code of professional conduct for the management of building-and-loan affairs.

Shortly after the year 1910, there was a general movement throughout the country looking to the establishment of better facilities for the furnishing of agricultural credit. It was then felt that whereas a good deal of direct assistance had been furnished to individual savers and savers' associations in cities, very much less had been attempted in behalf of the borrower in the country, and that the time was favorable for a more generous treatment of the farmer and his necessities. There was already on the statute books provision for the creation of the so-called credit unions, some of which were established for the convenience of small borrowers in the cities, but many of which, as in other states, had taken form because of rural needs and the lack of credit for farm purposes in agricultural communities. Under the terms of this act providing for credit associations or unions, mutual organizations had come into existence for the purpose of providing loans in favor of members of such groups, upon the

joint security of two names. There was thus in operation a system of limited coöperative credit which was proving particularly valuable in providing for the necessities of small farmers throughout the state. It was now thought that useful work might be done by accompanying this legislation with a measure calling for the creation of a land bank of New York State which would be authorized to discount paper originating with credit unions and generally to extend advances upon the security of farm mortgages. Provision was accordingly made in 1914 for the establishment of the Land Bank of the State of New York, which speedily developed into a clearing house for building-and-loan association funds and for operations in credit union paper. It was about the same time that this legislation was adopted that Congress took under consideration the question of farm-credit legislation, which eventually developed into the Federal Farm Loan Act of 1916. In that measure, provision was made for the creation of twelve Farm Loan districts, each to contain a Farm Loan bank, and at the same time authorization was granted for the creation of Joint Stock Land Banks with Federal charters which might embrace a state or parts of two adjacent states. This gave rise to the establishment of a Farm Loan district with headquarters at Springfield, Massachusetts, in which was included a considerable part of New York State; and under the new act there was organized the Joint Stock Land Bank of New York and Pennsylvania. The Federal Farm Loan Bank and the Joint Stock Land Bank systems have continued with varying fortunes to serve the needs of the communities in which they were expected to act; and it needs only be said that the land credit granted in the state of New York has proved to be as well placed and as fully redeemable as any that has been supplied by the Farm Loan system through its different institutions and branches. The organization of the Federal Farm Loan institutions and the opposition to the Federal Farm Loan Act, gener-

ally, had after 1916—and particularly after the close of the World War in 1919—a considerable influence in preventing state institutions from developing as rapidly as they otherwise might. Nevertheless, the state of New York has provided as freely and as liberally for the farm-credit needs of its inhabitants as any state in the Union.

#### GENERAL GROWTH OF NEW YORK FINANCE: AN APPRAISAL

We have now reviewed the principal outstanding elements in the organization of New York banking, and have traced the history of the chief financial institutions possessed by the state, describing, also, the growth and scope of other operations and indicating the relative importance of their transactions, both in the aggregate and relatively. Let us now attempt some appraisal of the factors which have worked together for the promotion of the wealth and the development of financial institutions in New York, and, in so doing, afford a certain interpretation of the experience of recent years. Generally speaking, the basis of New York's rapid and tremendous growth of wealth has been due to a combination of circumstances. At the base of this expansion lay the fact that the state possessed an enormous extent of fertile land and great natural resources, and was inhabited by a well-trained industrial population. The unrivaled natural situation of the state and its peculiar fitness, both on account of location and of organization, to act as the channel through which foreign trade should flow, worked powerfully toward the growth of the business and therewith of the resources of the commonwealth. These factors alone would not have sufficed to bring about a condition in which so large a percentage not only of the wealth but of the fluid banking resources of the nation was centralized in New York. Such centralization has come about as the outgrowth of systems of financial organization which required



leadership and initiative, and which were easily taken possession of by elements in the population who possessed the necessary capital and were characterized by the qualities referred to. In this way, the commanding position which had been occupied during the early years of the nineteenth century by the state, because of its natural resources, was extended and confirmed through the centralization of the securities and banking mechanism of the country within the borders of the state itself. This centralization was best seen in the case of national banking and of the early stock-market organization and operations which followed the creation of the New York Stock Exchange. The financing of the Civil War and the changes in financial organization which followed that struggle, accompanied by the postwar inward movement of population through New York and the use of the city as a base through which to set on foot various enterprises for financing and developing different sections of the interior, effectually confirmed, and later enlarged, the control which the state—and particularly the city—was already beginning to exert over natural resources. With the gradual expansion of speculation and centralization of the national banking system, culminating in the Federal Reserve system, and as an effect of the World War, the leadership of New York in American finance became definitely established, and at the same time the revenues of the city arising out of its activity as financial intermediary and organizer became correspondingly better assured and more important.

The close of the World War found New York in a stronger financial position than ever before, proportionately more able to exert a definite control over the finances of the nation and to render more conspicuous services than ever in fulfilling its financial needs, while at the same time exacting a corresponding remuneration for the performance of this unique and exacting financial task. Perhaps there is no city in the world which has



more rapidly attained a first-rank position in international economy and finance than New York City, and the success of the city has meant corresponding increment of prosperity and income to the entire commonwealth.

It has been an unfortunate circumstance that when a century and a half of growth and effort had brought the city to a point at which it bade fair to become the center and dominating element in world finance, a period of reaction—destined inevitably to cancel some part of the promising development of the last decade of the history of the state's progress—should have set in. With the definite ending of the World War, however, there ensued a decade in which there was first an unwarranted expansion of business and speculation, followed by the panic of 1929, and a subsequent decline reaching a climax in the abandonment of the gold standard in June, 1933. The inevitable effect of this step on the part of a nation which had been able to provide a basis for the financing of the World War, and had then successfully resisted the strains brought to bear upon it by the difficulties of European nations, was seen in serious loss of prestige and resulting sacrifice of the position as a world center of finance that had gradually come to New York City with the decline of London after the abandonment of the gold standard by Great Britain in 1914. This was not directly the responsibility of New York bankers. New York banks, in spite of the excesses of the postwar financial period, had continued the most solvent and liquid in the country, and the best able to uphold the prestige of the nation's finance. The opinion entertained by many, that they might have saved the country from the supposed necessity of giving up the gold standard if they had possessed the leadership that in former times had characterized them, may be erroneous, though it certainly has much foundation in the data and indications of many sorts already available. A more mature judgment will be rendered when time has revealed additional documentary

evidence not now available. The fact remains that the step so taken sealed the decision to take the nation as a whole "off from gold," and made immediate the struggle for the repudiation of the gold obligations of the United States, as well as for the devaluation of currency, which lasted throughout the year 1933.

The decision was soon followed by the adoption of the Banking Act of 1933, providing a complete separation between investment and commercial banking, and resulting in extensive transformations of the New York banking structure. The various financial policies of the national administration, which ensued, tended powerfully to reduce and eliminate the peculiar position which the banks of New York City had come to occupy in world finance. Throughout all, it remained true that these banks were large creditors of the other banks of the world, and that they thus retained a significant influence in many of the transactions of international banking. The circumstance that the immediate and final confirmation of the nation's financial war prestige was rendered impossible may have done no more than defer the time when there shall be a complete confirmation of the older aspiration, though it has been for the present at least placed beyond the reach of the city's financiers. It remains true that, despite the changes inaugurated by the Banking Act of 1933, and notwithstanding the relatively minor rôle to which American banking has been relegated because of national policies, the financial institutions of the state of New York have continued to maintain the hegemony of American finance which had been gradually developed during the nineteenth century.

Practically all of the fears that have been entertained from time to time that the state and city might be deprived of their natural function of leadership in American financial organization have proven entirely groundless—mere imagination, usually due to the shortsightedness of persons who did not realize the

exact nature of the services which the state and city were performing. Such fears and imaginations have largely passed by, and today little is heard of them. The state and city of New York have attained a national position which may change, in both absolute and relative importance, but they will continue to play a conspicuous and leading part.

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# THE PRIMACY OF THE PORT OF NEW YORK

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## THE PRIMACY OF THE PORT OF NEW YORK

NEW YORK is such a city of superlatives that many fail to appreciate it as the world's busiest seaport. That honor is only a recent one. It has, to be sure, been from the very start the center of maritime activity for the colony and state, but secure national primacy came only after two centuries. By the end of its third century, New York had also won the world title by passing London, Liverpool and Hamburg in the volume and value of its commerce. The years from 1815 to 1860 formed the most significant period in New York's rise to commercial greatness, which, incidentally, contributed much to the city's equal preëminence in population.

### GEOGRAPHICAL ADVANTAGES

There was a certain amount of predestination in this maritime achievement. Nature was unusually generous to New York. Its large and convenient harbor is the finest on the North Atlantic coast, and has few equals in the world. Its geographical setting, moreover, has given New York a distinct advantage over the other American ports in the matter of combined adaptability to foreign, coastwise and inland trade.

As approached from the sea, New York lies at the apex of a great right angle. One arm of this is the New Jersey coast, stretching southward 110 miles from Sandy Hook to Cape May. The other arm is the outer shore of Long Island, extending eastward 104 miles from Coney Island to Montauk Point. Neither of these sandy shores has a harbor capable of sheltering anything more than small craft. This situation has helped to prevent the development of any important near-by rival port which might have shared New York's commercial influence over the adjacent regions. Long Island shuts off New Haven, New London and the

other Sound ports from direct contact with the open sea. Perth Amboy and Newark have from time to time entertained hopes of maritime greatness, but these lie within the limits of New York Bay itself.

The waters of the port fall into five main divisions – the Lower Bay, the Narrows, the Upper Bay, the Hudson River and the East River. The Lower Bay lies open to the sea for six miles at the entrance to the port. Its most conspicuous feature is the aptly named Sandy Hook. This narrow spit, some seventeen miles south of the tip of Manhattan, is the conventional outer limit of the port. From Sandy Hook, a great sand bar extends across the six-mile opening to Coney Island. Pilots, familiar with the channels traversing this bar, have long been necessary, for in one of the shoaler places there is only 3 feet of water at low tide. The principal natural channel of the predredging era had a minimum depth of about 24 feet at low water, with 4 or 5 feet more at high tide. This channel ran close past the tip of Sandy Hook, and then turned northward across the nine miles of the Lower Bay to the Narrows between Staten Island and the Brooklyn end of Long Island. The Narrows, a scant mile in width, form a bottle-neck through which has passed perhaps a third of all the nation's foreign commerce. The Narrows became the obvious place for quarantine inspection and harbor defenses. They have served a far more valuable end in giving New York a virtually land-locked harbor, well protected from ocean gales.

An incoming vessel emerges from the Narrows into the Upper Bay or harbor proper, roughly 4 miles square. Manhattan Island splits the upper end of the harbor into two parts. The Hudson or North River, about a mile wide, was more important at first as a route to the interior than as an active part of the port. The early wharves and shipyards were to be found, instead, in the more sheltered East River. This stream, about 16 miles in length and varying from 600 to 4,000 feet in width, is a tidal strait

rather than a river proper. It makes Long Island an island by joining the Upper Bay with the Sound. The tides, which rush past East River's rocks and islands, reach a velocity of 6 miles an hour in the tortuous channels of Hell Gate.

For more than two centuries after New York was founded, man did not find it necessary to improve upon this harbor which nature had created. Even when Congress began its generous grants for dredging, the nation's busiest seaport required relatively little alteration. Up to 1914, only \$21,000,000, out of a national total of some \$800,000,000 in river and harbor appropriations, had been spent on New York harbor. Roughly a quarter of the New York amount was devoted to taming the Hell Gate tides and otherwise improving the East River. Another quarter went for dredging channels through the mud flats, to open up new docking areas. The remaining half was used in adapting New York to its rôle as the western terminus for the largest liners afloat. The natural outer channel, with its 28 feet at high water, deterred a French fleet from attacking a weak British squadron at Sandy Hook in 1778, but seems to have caused little further concern to shipping until about 1890, when the size of the liners began to exceed 7,000 tons. In 1899, Congress made a liberal appropriation for the Ambrose Channel, which now provides a straighter route across the sand bar, 40 feet deep at low water. The Upper Bay and the Hudson also required dredging to give the liners access to their berths. The port, however, still remains essentially the work of nature, in marked contrast to many other prominent ports which have been literally "dug out of the mud."

Altogether, New York has a combination of harbor advantages unequaled along the coast. Its unique configuration, with narrow Manhattan Island, has made possible an extension of wharf frontage quite out of the question in the ordinary port. Then, too, New York's docks lie relatively close to the sea, so

that shipping can get away to a quick start. Long Island and Staten Island are far more effective in sheltering the harbor than artificial breakwaters could be. New York, moreover, is a normally ice-free port. A thaw after a bad winter may bring troublesome ice cakes down the Hudson, but the harbor itself has seldom, if ever, known a repetition of the great freeze of 1779-80, when sleighs were driven over to Staten Island.

The harbor, with all its fine qualities, has been only one of New York's natural advantages. Much of the port's ultimate success may be explained by the combination of its central position for the coasting trade, its relative proximity to Europe and the West Indies, and its water-level route to the interior. Its central location for coastwise traffic is surpassed only by Norfolk; the other ports lie too far "off center" or too far from the open sea. Long Island Sound, as a "back door" to New England, gives New York an added coastal advantage. For contact with the interior, the Hudson is navigable, when not frozen, for some 150 miles, while the Mohawk Valley continues the water-level route northwest from Albany toward the Great Lakes. New York has thus been able to take in flank the mountains which rise behind most of the other ports.

Some simple exercises in arithmetical geography help to explain the relative advantages of New York and its nine potential rivals. Their adaptability to coastwise trade can be illustrated by averaging the distances from each port to the other nine of the group, using Hydrographic Office figures for the shortest natural navigable distance, in nautical miles. New York's average of 683 miles is lower than any other except Norfolk with 668 miles. Then, in order, come Philadelphia, 725; Baltimore, 773; Boston and Charleston, each 798; Portland, 838; Savannah, 852; Montreal, 1,772 and New Orleans, 1,777. New York's relative position in relation to Europe is not quite so favorable. Its 3,073 miles to Liverpool is higher than Montreal's 2,785, Portland's



2,797 and Boston's 2,895, but lower than Philadelphia's 3,226, Norfolk's 3,252, Baltimore's 3,373, Charleston's 3,540, Savannah's 3,613 and New Orleans' 4,589. The distances to the West Indies, which were of great importance in the days of the old triangular trade, are in a general reverse order and tend to compensate the transatlantic advantages or disadvantages. A combination of the distances to Liverpool and to Kingston, Jamaica, shows a fairly close equalization for all the ports except Montreal and New Orleans, the smallest totals being Portland, 4,495; Norfolk, 4,531; New York, 4,547 and Boston, 4,552. The Leeward Islands give the northern ports a further advantage. By the second quarter of the nineteenth century, the routes to the West Indies were overshadowed in importance by the land routes to the interior. New York stands fourth among the ten ports in proximity to Chicago. Its 909 miles (statute, rather than the previous nautical, miles) is higher than Baltimore's 797, Philadelphia's 817 and Montreal's 885, but lower than New Orleans' 930, Norfolk's 952, Charleston's 1,015, Savannah's 1,027, Boston's 1,033 and Portland's 1,142. These figures, in turn, must be modified by the maximum altitudes along the routes. New York, Montreal and New Orleans have water-level contact with the interior, while mountains rise behind the other ports. Boston and Portland must cross them at about 1,500 feet and Philadelphia at about 2,200, while Baltimore and Norfolk must ascend nearly a half mile into the air to cross the Alleghenies. These various distances, of course, are not of equal significance. An additional 50 miles means more on land than it does at sea, and more on a coasting trip than on a transatlantic voyage.

Combining these different factors, we can appreciate New York's superior combination of facilities in comparison with the other ports. In New England, Boston and Portland lie even closer to the sea and closer to Europe. Boston may be 5 per cent nearer to Europe than is New York, but it is 12 per cent farther

from Chicago and has a 16 per cent longer coasting average. Just as Boston and Portland lie too far to the east, so Charleston and Savannah are penalized in similar degree by being too far south, without the compensation of proximity to Europe. Philadelphia and Baltimore both have a more central position than does New York, in respect to the general coast line, but both are too far from the ocean. The hundred-odd miles from Philadelphia down the river to the Delaware Capes has hampered its coasting trade, while the 175-mile trip down Chesapeake Bay has seriously handicapped Baltimore in trading up the coast and with Europe. Both ports lie closer to the West than does New York, but the Alleghenies lie across their paths thither. Serious continuous threats to New York's supremacy have come from its most distant rivals, the old French river ports of Montreal and New Orleans. The Saint Lawrence and the Mississippi have given them superior natural communication with the West, but this has been counteracted by their disadvantages in sea routes. Both are hopelessly at one side for successful coastwise trade. Montreal, which gradually overshadowed Quebec down the river, lies closer than New York to England, but ice cuts it off from the sea four or five months of every year. New Orleans is not troubled with freezing weather, but the Florida peninsula makes its route to England half again as long as New York's. Of all New York's potential rivals, nature was perhaps kindest to Norfolk. The Alleghenies and a less bracing climate as natural handicaps perhaps explain its failure to prevent the remarkable concentration of American commerce around Manhattan Island.

#### THE COLONIAL BACKGROUND: BEAVER SKIN AND FLOUR BARREL

It is somewhat surprising, in view of its manifold natural advantages, that New York needed nearly two centuries to gain a secure first place among the American seaports. Many of the

details of New York's early maritime activity have appeared in earlier chapters. As a background for the important years from 1815 to 1860, it should be enough here to regard the port objectively from the standpoint of general American and world commerce.

New York had, in addition to its unique geographical setting, an unusual commercial heritage. It was founded, for purely trading purposes, by the Dutch, who retained it during the years when their remarkable maritime activity was at its height. From the point of view of old Amsterdam, however, the commerce of New Amsterdam must have seemed anything but impressive. At a time when their East-Indies trade sometimes yielded profits of a million guilders a year and their Baltic and Mediterranean commerce was still heavier, the Dutchmen of the busiest port in the world must have thought little of the occasional cargoes of beaver skins from the Hudson. The fur trade was the *raison d'être* of New Amsterdam, yet at its peak this seems to have yielded only 85,000 skins in a year. The shipments in 1635 were valued at some 135,000 guilders (\$54,000), and it is not surprising that the Dutch West India Company sneered at "the trifling trade with the Indians, or the tardy cultivation of uninhabited regions" when Piet Hein at a single stroke brought them 15,000,000 guilders' profit by capturing a Spanish plate fleet.

The port passed to England just as she was successfully challenging Holland's supremacy on the seas and was welding her over-seas possessions into a coördinated commercial system. New York soon found a profitable, if unimpressive, place in the mercantilist plan for a self-sufficient empire. It was not one of those ideal colonies, like the West Indies with their sugar, Virginia with its tobacco, or South Carolina with its rice and indigo, which devoted itself to raising something which the mother country could not produce at home. It was not, on the other hand, considered as "prejudicial" as the New England colo-

nies, whose ships and fish directly competed with home activities. The English had not long been in possession of New York when the flour barrel appeared as the port's most valuable offering to the world of commerce. It remained so for nearly two centuries.

The flour barrel led to the triangular trade. The triangle was as popular in early American commerce as it has become in modern American fiction. It was a necessity for the northern colonies. Where two regions, such as England and Virginia, had a mutual desire for each other's wares, a direct shuttle trade was possible. England herself did not want enough of the products of New England, New York and Pennsylvania to pay for what they wanted of her in return. The solution lay in the West Indies and in southern Europe, which would buy enough New England fish and New York flour to enable the colonists to pay for their English wares. The New Yorkers consequently peddled their flour around the sugar islands, to the southern European nations, and along the coast, sending only a part of their exports direct to England.

During most of its first eighty years under English rule, New York was overshadowed commercially by Boston. While New York was engaged in its bizarre episode with pirate gold, the Bostonians were establishing more prosaic and permanent business contacts. Around the turn of the century, the New Yorkers discovered that a considerable share of their goods from England was coming by way of Boston, instead of direct, and that even their financial transactions were often routed by way of Massachusetts. Boston, in addition, had a hinterland with a larger population than New York's sphere of commercial influence, which was limited to the province of New York with parts of New Jersey and Connecticut. New York at last laid a heavy duty on English goods coming through Boston and gradually caught up with the New England port, which was having to



share its business with Salem, Newport, Portsmouth, Falmouth (Portland) and other neighbors. In 1742, New York's trade with England exceeded that of all New England. Then opposition suddenly rose to the southward, on the Delaware. Philadelphia started more than a half century after New York and Boston, but in 1749 its trade made a threefold jump. For the next sixty or seventy years, Boston, New York and Philadelphia formed a "big three," with leadership fluctuating from one to another. By the eve of the Revolution, Philadelphia was slightly ahead of New York.

# COLONIAL IMPORTS FROM ENGLAND, 1700-74

Annual Averages in Thousands of Pounds Sterling  
(Adapted from Homans, p. 7)

|         | <i>New England</i> | <i>New York</i> | <i>Pennsylvania</i> |
|---------|--------------------|-----------------|---------------------|
| 1700-9  | 85                 | 54              | 10                  |
| 1710-19 | 128                | 44              | 17                  |
| 1720-29 | 166                | 63              | 31                  |
| 1730-39 | 199                | 87              | 51                  |
| 1740-49 | 183                | 136             | 88                  |
| 1750-59 | 368                | 285             | 237                 |
| 1760-69 | 378                | 350             | 352                 |
| 1770-74 | 745                | 440             | 484                 |
| 1700-74 | 251                | 165             | 137                 |
| 1750-74 | 447                | 342             | 332                 |

The customs figures for the period are complete and satisfactory only for the direct trade to and from England. We get only occasional glimpses of the general distribution of colonial exports. A three-year average for 1715-18, for instance, shows that New York was sending annually 112 vessels to the West Indies, 71 along the coast, 21 to Great Britain and 11 to other parts of



Europe. Boston in that same period was sending nearly twice as many vessels, averaging 50 tons each against 35 for New York. The most useful gauge of the commerce of the northern colonies is found in the table of annual imports from England. The trade of New York and Pennsylvania was largely restricted to New York City and Philadelphia, while the New England figures include several other ports besides Boston.

The value of a colony in those days was determined largely by its record in the customs ledgers of the mother country. Those imports of New York and Pennsylvania for 1770-74 each represented about 3 per cent of the total English exports. The regions under the British flag accounted for 51 per cent of British exports, the "thirteen colonies" leading with 18 per cent, followed by Ireland, 13 per cent; the West Indies, 8 per cent; India, 5 per cent; Africa, 4 per cent; and the rest of British North America, 3 per cent. If we consider the combined British imports and exports, the relative position of the northern colonies is even lower, for their shipments to the West Indies and southern Europe do not show in the British records. (Roughly one-sixth should be added to the English figures for Scotland's share of the trade.) On that basis, New York's, like Pennsylvania's, share dropped to 2 per cent of the total. The regions under the British flag accounted for 57 per cent of the total trade, the West Indies leading with 16 per cent, followed by the "thirteen colonies," 15 per cent; Ireland, 12 per cent; India, 9 per cent; Africa, 3 per cent; and the rest of British North America, 2 per cent. Jamaica alone represented as heavy a total as New England, New York and Pennsylvania combined, and was close behind England's best single customer, Holland. New York, as we shall see, was relatively less valuable to England as a possession than she was to be as a foreign port seventy or eighty years later.

## DISLOCATIONS AND READJUSTMENTS, 1775-1815

The period from 1775 to 1815 was the most hectic in the annals of American commerce. At no time during these forty years could trade conditions be called normal. England's protracted fighting during that period involved America in serious complications. New York had its full share of abnormal booms and deep depressions. It went into the period as one of America's principal ports. It came out with a slight, but by no means secure, primacy.

Its Revolutionary rôle was unique. Its exports in 1775 were almost twice as heavy as in any previous year, but its imports were negligible. In most of 1776 trade was at a standstill, for the patriots held the city and the British held the sea. By the fall of that year, New York settled down to its seven years as a Tory port. It became the focal point for transports and supply ships from England, while the distribution of army gold helped to keep imports at almost the normal level. Exports were a different matter, for the hinterland was reduced to suburban proportions. The city, which had grown prosperous from flour exports, now depended upon Britain for its bread. The last months of the British occupation in 1783 were the busiest the port had ever seen, for the evacuation of the army and the loyalists taxed shipping facilities to the limit.

The Revolution was followed by several very lean years for the port. Its mercantile personnel had been more violently disrupted than in the case of Boston or Philadelphia. Then, too, the old colonial triangle had been knocked askew by the British trade regulations of 1783. Boston, however, was the chief sufferer. The exclusion of American vessels from trade with the British West Indies bore more heavily upon the active New England shipping centers than upon New York or Philadelphia. The new laws, moreover, discriminated against New England's offerings

of fish and lumber, while still permitting, in British bottoms, the shipments of flour from the middle states. Altogether, the combination of circumstances left Philadelphia in the most favored position, and it maintained first place in American commerce for fourteen years after the peace.

The New Yorkers made various attempts to adjust themselves to the new situation. New York was the scene of the heaviest dumping of British manufactures in the first three years of peace, but the Hessian fly ruined the grain with which it hoped to pay for its purchases. The French attempt to capture American trade, with a packet line to New York, soon ended in failure. The pioneer voyage of the "Empress of China" from New York to Canton in 1784 was typical of the efforts to find new avenues of trade. Interstate rivalry and the jumbled condition of the state currencies, however, seriously hampered the merchants. Their realization of the need for a united front in the commercial world made the ratification of the Federal Constitution particularly acceptable to New York City.

There was one ray of hope in the gloom of the 1780s. Late in 1787, a New York merchant wrote to his Jamaica correspondent: "Should a war (O, horrid war!) take place between Great Britain and France, will not your ports be open to us, and our commerce with you as neutrals be an object of consideration?" After five years, the hoped-for war came, when England entered the French Revolutionary struggle early in 1793. The British West Indian regulations became a dead letter; France needed neutral bottoms for the commerce of her sugar islands; and in many directions there was a lively demand for American tonnage and American grain. This meant a boom period for all the American ports, but particularly for New York. Its exports, which amounted to \$2,535,790 in 1792, rose to \$5,442,183 in 1794, \$13,308,064 in 1797, and reached a peak of \$26,357,963 in 1807. Its registered tonnage doubled in five years and trebled

in fifteen. The year 1797 has a special significance in the history of the port. In that same year, when it lost the state capital to Albany, New York City jumped into first place in both imports and exports. It has held that position ever since, with two brief exceptions.

The swelling customs figures, however, tell only part of the story. As American shipping penetrated into the ports of the belligerents, it ran afoul of their commercial regulations. France was the first offender, with its high-handed seizures, but the offensive before long passed to the British, whose frigates even snapped up New York merchantmen off Sandy Hook. Even after the stringent terms of Napoleon's Berlin and Milan decrees and the British orders in council, New York's commerce continued to grow until the end of 1807, when Jefferson's embargo shut down upon it with deadening effect. From then until 1815 the city's commerce was severely curtailed. Whether or not grass actually grew upon New York's wharves during those years of interruption, a traveler counted 500 idle vessels in the harbor at one time. During the War of 1812, the British sensed New England's discontent with the contest and seem to have relaxed their blockade of Boston which, for the single year 1814, went ahead of New York in foreign commerce.

### THE GREAT REVIVAL

The first two years of peace, following the forty years of abnormal trading conditions, are the most significant in the whole history of the port of New York. In 1797, to be sure, it had gained first place, but its lead was too slight to be secure. By 1817, however, New York's timely activity in four branches of commercial enterprise was making it *the* American port instead of simply one of the "big three." American commerce was about to settle down to nearly a half century of prosperous growth. New York struck while the iron was hot. Its prompt



action in drawing to itself the manufactures of England and the grain of the West determined the channels into which the bulk of the nation's commerce was to flow. When New York's rivals realized the situation, they were faced with an accomplished fact. It was a case of "to him who hath, shall be given." New York's proportion of the nation's commerce steadily increased until the Civil War, while Boston, Philadelphia, Baltimore and the others shrank into "outports" overshadowed by the "great commercial emporium of America," as New York was termed. The statistical story of port rivalry is shown below. The figures in *italics* are approximate, since import statistics by states before 1821 can be estimated only on the basis of duties collected.

FOREIGN COMMERCE OF FIVE PROMINENT STATES, 1791-1931

Combined Imports and Exports  
(In Millions of Dollars)

| Year | United States | New York | Mass. | Pa. | Md. | La. | New York<br>Percentage of Total |         |
|------|---------------|----------|-------|-----|-----|-----|---------------------------------|---------|
|      |               |          |       |     |     |     | Imports                         | Exports |
| 1791 | 48            | 8        | 6     | 9   | 4   |     | 21                              | 10      |
| 1801 | 205           | 45       | 38    | 37  | 23  |     | 23                              | 20      |
| 1811 | 114           | 24       | 25    | 21  | 18  | 3   | 23                              | 20      |
| 1821 | 127           | 36       | 17    | 15  | 7   | 10  | 37                              | 20      |
| 1831 | 184           | 82       | 21    | 17  | 9   | 26  | 50                              | 27      |
| 1841 | 249           | 108      | 31    | 15  | 11  | 44  | 59                              | 27      |
| 1851 | 439           | 227      | 45    | 19  | 12  | 66  | 64                              | 39      |
| 1860 | 762           | 393      | 58    | 19  | 19  | 130 | 68                              | 36      |
| 1871 | 1,189         | 689      | 92    | 41  | 47  | 108 | 65                              | 50      |
| 1881 | 1,545         | 829      | 134   | 76  | 88  | 115 | 67                              | 43      |
| 1891 | 1,729         | 884      | 148   | 93  | 85  | 129 | 63                              | 39      |
| 1901 | 2,310         | 1,056    | 205   | 127 | 125 | 173 | 64                              | 35      |
| 1911 | 3,576         | 1,654    | 188   | 153 | 117 | 239 | 57                              | 37      |
| 1921 | 6,994         | 3,062    | 225   | 253 | 184 | 533 | 53                              | 38      |
| 1931 | 4,514         | 1,931    | 131   | 189 | 111 | 241 | 51                              | 35      |



Adequate figures for separate seaports, as distinct from states, are not available, but except for Massachusetts, the principal ports (New York, Philadelphia, Baltimore, Charleston and New Orleans) monopolized most of the trade of the state. In Massachusetts, roughly 10 per cent of the total before 1820 represents Maine commerce, with a similar amount for Salem before 1860.

The Erie Canal has ordinarily been given almost complete credit for New York's sudden rise to commercial greatness. It was of unquestioned importance in bringing to New York a large portion of western grain for export. New York, however, has handled a much higher proportion of the nation's imports than of its exports. Its preëminence in the importing field can be attributed to three other steps which it took at the time the Erie Canal was being authorized. With the help of special auction legislation, it secured a virtual monopoly of the textile imports from England and the Continent. By establishing regular transatlantic packet service, it strengthened its hold upon that business and secured most of the passenger traffic. With the important help of the steamboat, it effectively developed its central position for the coasting trade, so that it could distribute what it drew from Europe and gather cargoes for the return voyages. New York commerce was feeling the combined influence of these three steps several years before "Clinton's Ditch" was open for business. It will perhaps be simplest to consider each of those four fields of activity in turn, to the time of the Civil War.

#### TEXTILE TRADE AND AUCTION SYSTEM

The spindles and looms of Lancashire and the West Riding of Yorkshire provided an important part of the wearing apparel of Americans during the first half of the nineteenth century. To be sure, some Americans wore homespun, while the growing

American textile industry furnished an increasing amount of the plainer types of cloth. The finer materials, however, came from overseas. Long after the inventions of Hargreaves, Arkwright, Crompton, Cartwright and Watt, the English wares remained superior to the incipient industrial competition in America and Europe. Cotton and woolen goods formed England's most valuable commercial offerings as well as the heaviest items in American imports. In bringing these products to the ultimate consumer, both New York and Liverpool rose to greatness.

England had a huge surplus of such textiles in 1815. The Napoleonic wars and the American interruptions had severely curtailed the foreign markets for several years. The British were ready to "dump" their cotton and woolen goods, even at a sacrifice, to crush the incipient foreign competition. They selected New York as the port for their heaviest dumping operations in 1815, just as they had done in 1783. This British dumping made a radical change in the textile trade. Formerly, American merchants imported, on their own account, goods from British exporting merchants, who had purchased them from the manufacturers. Now, the manufacturer usually retained title to the goods, consigning them directly to an agent, who had them put under the hammer for whatever they might bring. Jobbers flocked to New York from far and wide to replenish their stocks, lured by the chance for bargains. The American manufacturers and importers were unable to compete successfully with the violent fluctuations of the auction rooms.

By the end of 1816, it looked as though New York had about reached the saturation point for textiles. The New York auctioneers, fearing that the British might shift their operations elsewhere, commissioned an active importing agent, Abraham Thompson, to propose to the governor a special form of auction legislation which, in Thompson's words, would "cause all the

Atlantic cities to become tributary to New York." On April 15, this measure became Chapter 275 of the laws of 1817. Earlier that same day, the bill authorizing the Erie Canal had become Chapter 262. The combined effect of these two acts upon the future of the port of New York was tremendous. The auction act lowered the state auction duty to 1½ per cent on European goods. There had been plenty of auctions at New York and in the other ports for many years. This act had a unique feature, as later explained by Thompson:

Every piece of goods offered at auction should be positively sold, and to ensure a sale, the duty should always be paid upon every article offered at auction. . . . The truth was that both in Boston and Philadelphia, the free and absolute sale of goods by auction was not encouraged. (It did not appear to be understood.) In Philadelphia, goods were allowed to be offered, and withdrawn, free from state duty, and the purchaser went to the auction rooms of that city with no certainty of making his purchases. He was not certain that the goods would be sold to the highest bidder. (*Hunt's Merchants' Magazine*, vol. x, pp. 156-57.)

This device helped to retain at New York the flood of British manufactures which had been sent there as a temporary measure in 1815. Buyers continued to swarm from all parts of the country and, since the auction duties meant a quarter of a million dollars a year for the state treasury, there was no change in the state law for more than twenty years. By that time, the importation of foreign manufactures was firmly centered at New York. The city's auction system became a conspicuous target for the protectionists during the tariff disputes of the twenties and the thirties. The cloth, however, kept arriving at New York. Of total woolen imports amounting to \$37,931,000 in 1860, New York came first with \$34,060,000, and Philadelphia was a poor second with \$1,234,000. In the cotton import total of

\$32,557,000, New York led with \$22,606,000, New Orleans being second with \$2,810,000. In 1828, New York imports were so heavy that its customhouse receipts, amounting to \$13,764,831, were enough to pay the entire expenses of the Federal government except debt service. In 1816, New York handled 30 per cent of the nation's total imports. By the time the Erie Canal was completed in 1825, this had risen to 51 per cent, and by 1860, it reached 68 per cent, remaining at about that level for the rest of the century. On the eve of the Revolution, New York, as we saw, was absorbing only 3 per cent of Great Britain's general exports; by 1850, as a foreign port, it was England's best single customer, taking at least 12 per cent of her commercial offerings. The textile trade accounted for much of that.

#### PACKETS, LINERS AND IMMIGRANTS

In that same year 1817, when the legislature produced the auction and canal acts, New York took another step which was to contribute much to the port's success. This was the establishing of commercial transatlantic service on a regular, frequent schedule. The term "packet" or "liner" implies definite service between two or more particular ports, as distinct from the less regular operations of the "free trader" or "tramp." The pioneer "Black Ball Line," inaugurated in 1817, combined two distinct services which New York had already enjoyed for some time. The British government still maintained its official postal service with armed packet brigs, which it had started to New York in the colonial period. Much of the port's transatlantic commerce, moreover, was being carried by "regular traders" which made two round trips a year. The novel feature of the line started in 1817 was its rigid adherence to a schedule of monthly sailings between New York and Liverpool. Three of its founders had come to New York from the West Riding of Yorkshire as representatives of textile firms, and their inauguration of the packet service arose in part from the stimulus given to importa-



tion by the dumping and the auction system. The Black Ball packets met with such success that rivals soon appeared. By 1822, there were four stated sailings a month between New York and Liverpool. Two lines of packets to Le Havre were started in 1822 and 1823, and a line to London in 1824. For more than twenty years, these sailing packets were the crack ships of the Atlantic, and their regularity gave to New York the cream of the transatlantic freight and passenger business. Nearly all of these packets were built, owned and managed in New York.

Gradually, they were overshadowed by steamships. A red-letter day in the history of the port was April 23, 1838, which saw the arrival of two British steamships, the "Sirius" and the "Great Western." From that time on, New York has been, with one or two brief exceptions, the western terminus for the principal liners afloat. The first exception came quickly. In 1840, the Cunard Line commenced business to Halifax and Boston. It enjoyed a marked advantage over its rivals in the form of a very generous postal subsidy from the British government. For a few years, Boston capitalized its proximity to England. Then Congress intervened. In 1845, it authorized large postal subsidies for several American steamship lines, nearly every one of which, as it turned out, started from New York. To forestall this new opposition, the Cunard Line in 1848 extended its service to New York. During the early fifties, however, the Cunarders were consistently beaten in speed by the ambitious ships of the subsidy line headed by Edward K. Collins. The loss of his "Arctic" and "Pacific," coupled with the panic of 1857, put an end to his venture, and the control and the initiative returned to the other side of the Atlantic. The British, French, German and other lines, however, have all sent their best ships to New York, so that the docks of the North River have enjoyed a concentration of crack shipping unequaled by any other port.

Human freight was an important element in the business of



the packets and liners. It became the socially correct thing to sail from New York in the crack ship of the moment, but the cabin passengers were of less ultimate importance than the less fortunate ones who came over in the steerage. By no means all of the immigrants came in the regular liners, but the liners seem to have swung the movement more and more to New York. In 1821, New York received only some 4,000 out of the 11,000 passengers entering the country. In 1854, the peak year before the Civil War, it received 327,000 out of a total of 460,000, the next ports in order being New Orleans, 51,000; Boston, 27,000; Philadelphia, 15,000; and Baltimore, 13,000. The potato famine and the 1848 revolutions combined to bring great numbers of Irish and German immigrants to this country. They contributed, at least in a quantitative way, to the greatness of the city. The Irish in particular tended to remain where they landed, and thus gave a marked impetus to New York's primacy in population. In 1850, nearly half of New York City's 515,547 inhabitants were foreign-born, and more than half of the foreign-born were Irish. Philadelphia by that time was only two-thirds the size of New York, yet it had a slightly larger population of native Americans.

#### COASTING TRADE AND STEAMBOATS

The coasting trade is apt to be slighted in considerations of American commerce. This may result from the absence of that wealth of customs statistics which make it so easy to draw conclusions about foreign trade. New York's coastwise activity, however, certainly deserves attention as another factor which accelerated its rise. The coasters enabled New York to gather and distribute cargoes for its foreign and inland trade. Nature, as we have seen, had given the port an unusually favorable location for this branch of commerce. Active utilization of the steamboat enabled New York to capitalize that advantage.

"The coasting trade of the United States is great and New

York ingrosses a very large proportion of it," wrote the British consul at Philadelphia in 1817. The New Yorkers, remarked Niles in his *Register* five years later, "will open a line anywhere it will pay," adding that they were determined that New York "shall become the place of arrival and departure of all who travel by land or water, inland, coastwise or from or to foreign countries." Coastwise activity was more essential then than it is today. If one analyses railroad construction in this country, he will find that the early activity was concentrated upon connecting the seaports with the interior, and that the north-south lines along the coast lagged far behind the east-west routes. Much more money could be saved in freight charges by substituting the railroad for the wagon train than in substituting it for the coaster.

New York had coastwise packet lines long before it applied the principle to transatlantic traffic. Numerous New York merchants maintained quite regular service to various parts of the coast. Small brigs and schooners sufficed for most of the runs, though the lines to New Orleans frequently employed ships of considerable size. It would be difficult to estimate the relative profits which New York derived from its foreign and coastwise trades. It seems likely, however, that the port's business along the coast was considerably heavier, in volume at least, than its dealings with foreign lands. It was estimated that in 1832 the amount of merchandise of every description sold by New York to supply the country from Maine to New Orleans amounted to \$100,000,000, while New York's exports to foreign countries that year totaled \$26,000,000. It was stated a year later that the tonnage of domestic arrivals at the port of New York was nearly three times as great as the tonnage in foreign trade.

Aside from the general distribution of its import cargoes, New York had several special branches of coasting activity. In the local zone, there had been for years sloops bringing Con-

necticut firewood and New Jersey produce to New York. The rise of the coal industry meant a lively business in sloops from the Delaware, until the canals and railroads were opened. Trade was heavy between Boston and New York. In 1832, New York shipped 105,000 barrels of flour to Boston, which was more than half of its total flour export to foreign countries, while New York was one of the best customers for Boston's shipments of domestic textiles.

Probably the most lucrative branch of New York's coasting trade came from the new triangle which it aggressively developed with the southerners. The South, with its cotton, became almost as much of a one-crop region as the West Indies had been with their sugar. New York assumed many of the essential commercial and financial functions in connection with the cotton trade, advancing capital to the planters, moving their crops to the seaboard, shipping much of it in New York bottoms, either directly to Europe or by way of New York, and bringing back to the South most of what it needed in the way of European and northern manufactures. The steady accumulation of interest, commissions, freight charges, insurance premiums and profits reached such a total that, according to one estimate, New York or Boston was making forty cents on every dollar the South received for cotton. "The South," declared one writer, "thus stands in the attitude of feeding from her own bosom a vast population of merchants, shipowners, capitalists and others, who, without the claims of progeny, drink up the life-blood of her trade." The customs figures for the southern ports in the ante-bellum period show an abnormal excess of exports over imports. Mobile, the most extreme case, in 1851 had exports of 18 million dollars against imports of less than half a million, while even at New Orleans it stood 54 millions against 12. The discrepancy is explained by New York's triangle. Its coastwise packets and liners took to the southern ports the goods which

they received in exchange for their cotton. On their return, they carried raw cotton for reshipment from New York, where cotton was frequently the most valuable export item. The Southerners resented this situation and tried to establish direct trade with Europe. Hoping to take advantage of New York's setback in the panic of 1837, they held six commercial conventions within eighteen months, but New York continued to exact its toll on southern commerce.

The use of steam was of real value to New York in extending its coastwise trade. The early history of the steamboat is inseparably connected with New York. Fitch, to be sure, ran his first steamers on the Delaware, but even he tried one on the Collect Pond in New York City, after receiving from the New York legislature in 1787 a monopoly of the state waters. In 1798, this exclusive right to use steamboats in New York was transferred to Robert R. Livingston. This monopoly, renewed and later shared with Robert Fulton, continued even after the deaths of those two men, until it was broken up by John Marshall's decision in the case of *Gibbons v. Ogden* in 1824. In the meantime, John Stevens, of Hoboken, and his sons were also carrying on important pioneer experiments in steam navigation.

New York was peculiarly adapted to the use of the steamboat. We are not concerned here with the two-way traffic which steam made possible on swift inland rivers. On the seaboard, the chief value of steam was its giving regularity to shipping, by relieving it of dependence on winds and tides. The shorter the trip, the more important this became. A two-day calm might be a nuisance at the beginning or end of a transatlantic voyage, but it was of greater harm to the local traffic of harbors and to shipping on sheltered reaches such as the Hudson River and Long Island Sound.

We can appreciate New York's rapid application of steam to navigation by considering a series of "first times." The success-



ful use of the steamboat is dated from the start of the "Clermont" for Albany on August 17, 1807. By 1809 the "Raritan" was running across the Lower Bay to the river for which she was named. In October, 1811, John Stevens began service across the Hudson to Hoboken with the "Juliana," the "first steam ferry boat in the world." On March 21, 1815, the "Fulton" braved Hell Gate and made New Haven in eleven hours, beginning steam service on Long Island Sound. In 1819, New York produced two more ambitious craft, the "Savannah" and the "Robert Fulton." The former crossed from Savannah to England, using steam part of the time; while the latter, in 1820, began five years of coastwise service to Charleston, Havana and New Orleans. In the meantime, upstate New York had adopted the steamboat. The "Vermont" appeared on Lake Champlain in 1809; the "Ontario" on Lake Ontario in 1817; the "Walk-in-the Water" on Lake Erie, between Buffalo and Detroit, in 1818; and the "Enterprise" on Cayuga Lake in 1820.

All of these "first times," except the "Savannah" and the "Robert Fulton," marked the establishing of permanent service. By 1825, there were said to be 43 steamers running from New York City, including 12 to Albany or Troy, 2 to Poughkeepsie, 11 on the Sound and 4 to New Brunswick. With the opening of the Erie Canal, additional steamers were used for towing freight on the river, while rival passenger lines engaged in cutthroat competition. The Sound service was quickly extended to Norwich and then to Providence. This was of importance in facilitating communication with Boston, and it also helped New York to lure the trade, not only of several Sound ports, but even of western Massachusetts, away from Boston. The celebrated Fall River Line began in 1847. Direct service to Philadelphia never flourished, for it is 235 miles from New York by water and only 90 miles by land. In the prerailroad era, however, steamboats carried the traffic part of the way, running from New York to



New Brunswick and from Trenton to Philadelphia. After the early runs of the "Robert Fulton," the Charleston service was left to the sailing craft until the middle thirties, when a New York firm began to run steamers there again. They were too small for the rough trip around Hatteras, and several were wrecked on the coast. The successful application of steam to the southern run came in the middle forties, when Spofford and Tileston of New York put the "first coastwise steamships," the "Northerner" and "Southerner," on their Charleston line. Soon after 1848, George Law, with the help of a liberal mail subsidy, started the United States Mail Steamship Company from New York to Havana, New Orleans and Chagres. Until the Civil War, most of the initiative, invention, construction and ownership of coastal and tidewater steam navigation in the United States centered in New York City.

#### THE WESTERN FRONT

As the fourth of New York's steps toward commercial greatness, we must consider the familiar question of the Erie Canal and contact with the West. This was to result in a tremendous extension of the port's commercial hinterland, and in a bitter but futile effort on the part of Philadelphia, Baltimore and Boston to challenge New York's leadership.

During the colonial period, each port had served a relatively small portion of the adjacent back country. By the close of the Revolution, there was a rapidly increasing population beyond the mountains, ready to produce grain and other commodities, provided a suitable market could be found. Washington, who was tireless in urging the improvement of communication between the seaboard and the West, wrote in 1784:

The western settlers . . . stand as it were upon a pivot. The touch of a feather would turn them any way . . . smooth the road, and make the way easy for them, and then see what an influx of articles

will be poured upon us; how amazingly our exports will be increased by them, and how amply we shall be compensated for any trouble and expense we may encounter to effect it.

The Mississippi and the Saint Lawrence were natural outlets for the West, but there was the possibility that any one of the larger ports might tap it by means of an overland route.

It is needless here to go into the story of the Erie Canal, by which New York stole a march on its rivals in the fight for this Western trade. The immediate effect upon the port, however, might be noted. Statistics of the amount of flour inspected at the principal ports reveal that in 1820, Baltimore stood first, with 577,000 barrels; Philadelphia next, with 400,000; and New York third, with 267,000. By 1822, when the middle section of the canal was open, New York overtook Philadelphia as a flour market, but did not gain first place from Baltimore until 1827. In 1830, the score was New York, 827,000; Baltimore, 597,000; and Philadelphia, 473,000. The effect of the canal upon New York's general foreign trade was not so marked. The port had made its rapid jump in imports, even before the canal was opened. The imports represented relatively large value in small bulk, and were not so dependent upon cheap inland transportation as was the grain for export. In 1821, New York handled 20 per cent of the nation's exports, and in 1830, 27 per cent. In the boom year 1825, when the opening of the canal coincided with a very heavy reshipment of southern cotton, New York's export share rose to 35 per cent of the national total, but that represents almost a maximum for the century. The imports, on the other hand, rose from 37 per cent to 50 per cent between 1821 and 1830. On the whole, New York handled about two-thirds of the nation's imports and only one-third of its exports. This seems fairly strong evidence that the canal alone was not, as popularly supposed, the sole cause of the greatness of the port of New York.

The other ports, however, felt convinced that their future prosperity depended upon securing contact with the West, to offset the Erie Canal. Boston and Philadelphia had already started packet lines to Europe when, in 1825, the completion of New York's great canal opened a lively race for the western front. The rivalry of the seaports thus became closely linked with the development of the nation's transportation system. Legislatures, cities and individuals were ready to spend millions to divert the golden stream from New York. The situation was complicated by the fact that just one month before the Erie Canal was finished, George Stephenson had run his pioneer locomotive over the Stockton and Darlington. The result was, as one British consul wrote, that the "rage for canals" became mixed up with the "Rail Road mania." For the moment, interest was centered in the efforts of Philadelphia and Baltimore to cross the Alleghenies to the Ohio River. Both, as we saw, lie closer to the West than does New York, but the Alleghenies were an obstacle to canal building. Had either port been able to secure immediate rail connection with the West, the story might have been different.

Philadelphia was alarmed by the situation. Its prestige, if not its prosperity, seemed to be at stake. In thirty years, it had dropped from first to fourth place in volume of foreign commerce. By 1820, moreover, it had lost to New York its old primacy in population. Philadelphia failed to appreciate the relative merits of canal and railroad. Between 1827 and 1835 it built a mongrel 395-mile "main line," combining canal and rail, to Pittsburgh. It cost twice as much as the Erie Canal, which in the meantime had received an added stimulus from the completion of the Ohio Canal. By the time Pennsylvania had completed an all-rail route in 1852, it was too late.

Baltimore, on the other hand, was rapidly rising instead of losing ground. Little more than a hamlet in the colonial period,

it ranked third in population by 1800. It was concentrating the hitherto-scattered grain and tobacco trade of the Chesapeake region, and was driving an active business with the southern and West Indian ports. The Cumberland Road for a while gave it the best contact with the West. Baltimore's best natural route thither ran up the Potomac and past Cumberland, to the Ohio River at Wheeling. This route is relatively level, except for one short stretch where the Alleghenies rise even higher than on the Pennsylvania route. George Washington had been interested in developing it as a pathway to the West, but had sounded the warning that if New York or Philadelphia should establish western contacts first, there would be "the difficulty of diverting trade after connections were once formed." Baltimore realized the possibilities of the railroad, and on July 4, 1828, started the Baltimore and Ohio Railroad. That same day, however, saw the beginning, near Washington, of the Chesapeake and Ohio Canal. Both were designed for that same Potomac-Cumberland route. This led to a rivalry which postponed the completion of the railroad to Wheeling until the last days of 1852, just after three other railroads had tapped the West. From 1832 onward, Philadelphia and Baltimore ran neck and neck in exports, but New York had left them far behind.

New York's source of anxiety in the forties lay to the eastward. Seagoing Boston not only had its Cunarders, but also, for several years, was the only port to enjoy rail contact with the West. Wisely rejecting canals, Boston in 1841 opened its Western Railroad over the Berkshires to Albany. There it connected, not only with the Erie Canal but also with a new series of seven railroads, roughly paralleling the canal to Buffalo. This new system, Boston hoped, might lure much of the Erie Canal traffic away from New York. It would, at any rate, give the manufacturing region around Boston a cheaper supply of western products and an outlet for its own products. Boston



in 1851 also diverted from New York the lucrative position of winter port of Montreal, but lost that in turn to Portland in 1854.

New York had been so complacent about its canal that it had been resting on its oars. It finally awoke to the fact that it had no direct connection with the West during the winter months, when the Hudson was frozen. The Erie Railroad, projected in 1835, was even then a matter of "delays and disappointments," with barely fifty miles completed by 1845, when the Hudson River Railroad to Albany existed only on paper. Freeman Hunt, in his *Merchants' Magazine*, that year warned the state that unless it made unprecedented efforts, "New York must soon lose her proud pre-eminence among the cities of the Union, and add another example to the many the world has already seen, of the rapid decline of a commercial mart, by the operation of a decayed spirit of enterprise and successful competition in other places." By 1851, however, New York had its own Erie and Hudson River Railroads completed, just before the Pennsylvania and the Baltimore and Ohio reached the Ohio River. The "western front" was at last secure.

### THE NEW ENGLAND ELEMENT

One of the anomalies of American maritime history is that while the customs records point to New York as the center of commercial activity, the tradition of ships and sailors centers around New England. The answer to this apparent discrepancy between statistics and tradition is that the Yankees captured the port of New York about 1820 and dominated its quarter-decks, shipyards and counting-houses. The New Englanders built and commanded most of the ships used in New York's ever-increasing commerce. They were, moreover, the leaders among the merchants and shipowners who set the ships in motion and made fortunes from their activities.



The rise of the port of New York was the triumph of a geographical location, rather than of a relatively homogeneous group of men, such as were to be found in the ports of Boston or Salem. The city, of course, was a melting pot from the outset. At the opening of the nineteenth century, certain foreigners shared control with the old New Yorkers. The former included Archibald Gracie and Robert Lenox, Scots who had come to New York by way of Virginia and New Jersey respectively, and John Jacob Astor from Germany, whose activities were so widespread that his relation to the port was only incidental. The foreigners and the Knickerbocker element share the honors for the innovations which gave New York its great maritime boom. De Witt Clinton came of the old stock. So, too, did Chancellor Livingston, who financed the "Clermont." Her engines were built in England and her hull in New York by an Englishman, while Fulton himself was an Irish Pennsylvanian. Yorkshiresmen were active in inaugurating the packet service and, together with old New Yorkers, in promoting the auction system. The last great commercial house run by the old New York element was the firm of Le Roy, Bayard and McEvers, whose Huguenot and Scottish forbears had been associated with New York for generations. Even before the death of William Bayard, the dominant partner, in 1826, leadership in New York commerce had definitely passed to the Yankees.

There had been New England participation in the city's maritime activity ever since Thomas Willett and Isaac Allerton came from Plymouth to New Amsterdam. The great rush, however, came around 1800, and twenty years later the Yankees had the situation well in hand. The movement was part of the remarkable expansion of New England into many spheres of national activity beyond its own frontiers. It was natural that Connecticut, cut off from direct access to the sea and lying closest to New York, should be most heavily represented among the in-

vaders, but Massachusetts, Maine and Rhode Island also sent their share.

The Yankee recruits to New York mercantile circles fell into three categories. Some men, who had already built up a business in New England, moved to New York to increase the scope of their activity. A second group consisted of scions of big Boston firms which wanted representatives in New York. Finally, there were the self-made men, particularly from Connecticut, who worked up from the bottom. It was of this group that old Scoville, the chronicler of the merchants, wrote:

It is a singular fact that a foreign-born boy, or one from the New England states, will succeed in this city, and become a partner in our largest firms, much oftener than a born New York boy. The great secret of this success is the perfect willingness to be useful and to do what they are required to do, and cheerfully.

Any list, however restricted, of the leading New York commercial houses between 1820 and 1860, would certainly include five Yankee firms, four of which were headed by sets of brothers. There were the Griswolds from Old Lyme and the Lows from Salem in the China trade; the Howlands from Norwich in the South American trade; and from New Bedford the Grinnells, who were among the greatest shipowners of the day. Ranking with them was the great commission house headed by Jonathan Goodhue, from Salem, and Pelatiah Perit, from Norwich. The auction business, dominated by John Hone of old New York stock, and his debonair brother Philip, the mayor and diarist, was almost the only branch of the port's business where the Yankees were not in control. Connecticut, however, sent three prominent textile wholesalers in David L. Dodge, John J. Phelps and Amos Eno. The Grinnells were not the only Yankee shipowners in New York. Jacob Barker, from Maine and Nantucket, owned a great merchant fleet; Edward K. Collins, from

Truro on Cape Cod, ran sailing packets to New Orleans and Liverpool before starting his ambitious line of subsidy steamships; and Charles Morgan from Connecticut, operating from New York, became the shipping magnate of the Gulf region. Another Morgan, Edwin D., was born in the Berkshires and came by way of Hartford to New York, where he became one of the heaviest importers of sugar and coffee, serving later as war governor and senator. The list might be extended indefinitely. The Chamber of Commerce of the State of New York, the mouthpiece of the merchants, had New Englanders as presidents for the entire thirty years from 1845 to 1875, save for one interlude of eight months.

Probably two-thirds of the American vessels sailing from New York had Yankees as captains. Conspicuous among these were the explorers from Stonington, Edmund Fanning and Nathaniel B. Palmer; Charles D. Marshall, of Nantucket stock, who ran Black Ball packets until he secured control of the line; and three of the four principal clipper commanders, Josiah P. Creesy, from Marblehead; Philip Dumaresq, from the Kennebec; and David S. Babcock, from Stonington. The fourth, Robert H. Waterman, was born in New York, apparently of Nantucket stock.

Turning to ships, we can estimate the New England influence more accurately. The East River shipyards could not keep up with New York's heavy demand for tonnage, while the New England coast turned out more shipping than it could employ. There was scarcely an American vessel engaged in New York's commerce in which some Yankee was not involved as builder or owner. Some were built and owned in New England; some were built in New England and owned in New York, while still others were built and owned in New York; but even there, most of the principal shipbuilders and shipowners were transplanted Yankees. An analysis of various sets of statistics indicates that

out of every ten American vessels engaged in foreign commerce during the second quarter of the nineteenth century, New York employed five, "owned" three and built one. Of the five employed by New York, New England "owned" the other two and built three, if not four. The word "own" is used with reservations, since registration did not necessarily mean full ownership. Around 1800, many of the New England vessels in New York registry were built in Connecticut and Rhode Island, but after 1835, shipbuilding centered in Maine. New York, using half the American shipping in foreign trade, built only one-tenth of it; while Maine, with only an infinitesimal share of the foreign trade, was building half of the American vessels used in it. The construction of the crack clippers, however, was largely concentrated in Boston and New York. Of the 82 clippers which made the run to San Francisco in 110 days or less, New York built 30 per cent, owned 48 per cent, and was the starting point for 73 per cent; while Boston built 45 per cent, owned 46 per cent, and was the starting point for 26 per cent. Even in the New York shipyards, the Yankee element was powerful. Three of the leading shipyards were established by three men who came up from Stamford. Stephen Smith became the active shipbuilder of Smith and Dimon; Jacob Bell showed great versatility in partnership with David Brown; while Isaac Webb, in addition to building ships himself, trained the two greatest shipbuilders of the day—his own son and successor, William H. Webb, and the talented Nova Scotian, Donald McKay.

The early fifties saw the climax of the old American merchant marine. New York's first experience with clippers came in the China tea trade, where the activity of the Griswolds and Lows had lured most of the ships from Canton away from Boston. The Gold Rush brought American shipping to its peak of perfection, in the California clippers which raced around Cape Horn with cargoes, which for a while brought great profits in San Fran-



cisco. New York, during the years when its Collins liners were champions of the Atlantic, was handling a major part of this California trade.

The decline in American shipping set in several years before the "Alabama" and her consorts gave it the coup de grace. As in 1783, the blow fell more heavily upon New England than upon New York. The merchants of New York had been used to hiring Yankee bottoms for much of their business, so it was not a difficult step to hire British or Scandinavian shipping instead. The commerce of New York continued to flourish, whatever flag flew over the ships which carried it.

By the eve of the Civil War, New York had definitely established its supremacy over its rivals. The combined imports of Boston, Philadelphia and Baltimore were less than New York's imports of textiles alone. Those three rivals, even though each had its railroad to the West, together exported less grain and meat than did New York. In fact, out of more than a thousand different articles of trade, New York ranked first among all the American seaports in all except twenty-four import items and seven articles of domestic export.

People get to thinking [declared a senator in 1858] that there are no places in the world but New York and Liverpool. If you go to New York, they will tell you that it is the best place to buy at and to sell at, and they will make a sane man believe it.

#### SINCE THE CIVIL WAR: DIFFERENTIALS, WORLD PRIMACY

The rivalry of the ports has continued spasmodically since the Civil War. The disputes over the rates of grain between the West and Liverpool, however, have lacked the dramatic interest of the earlier race for contact with the West. Rates were important, for, as the Interstate Commerce Commission reported in 1889, "a difference in the freight rate of between one-fourth and one-eighth of a cent per bushel determines the route by



which grain shall be exported." The combined land-and-sea distances from the West to Liverpool by way of the various North Atlantic ports are about equal, but the rail distances have been relatively more important. After a series of rate wars, the different trunk lines agreed to compensate these differences and try to distribute the grain shipments among the ports by means of the so-called "port differentials." During the last years of the century, for instance, the export grain rate from Chicago to New York was fifteen cents per hundred pounds. Philadelphia and Baltimore, with their shorter rail hauls, enjoyed differentials of two and three cents respectively below that rate, while Boston and Portland, in spite of the longer rail distance, were granted the same rate as New York. New Orleans and Galveston, on the Gulf, at last had still shorter rail routes to the grain fields, and enjoyed heavier differentials than Baltimore, but these were partly offset by heavier ocean charges. New York, however, has managed to keep a large share of the grain exports, in spite of the rail differentials, since its heavy import trade brought large quantities of shipping, which would grant low ocean rates for return cargoes. In 1929, New York exported 3,231,000 long tons of grain, Galveston coming second with 688,000, and then, in order, Baltimore, New Orleans, Philadelphia, San Francisco, Seattle and Boston.

In 1900, there appeared from a mid-western university a thesis entitled "The Decline of the Commerce of the Port of New York," by R. P. Morgan, who prophesied that the Mississippi and the Saint Lawrence would soon divert from New York a very considerable portion of the nation's foreign commerce. So far, the prediction has not been fulfilled. New York's relative share of the national commerce, to be sure, has been reduced by the rapid development of the Pacific and western Gulf ports, but it still towers head and shoulders above its closest rival, both in value and volume of trade. The following figures, on those two

bases, are for the year 1929, before the abnormal fluctuations of the depression period:

FOREIGN COMMERCE OF THE PRINCIPAL UNITED STATES SEAPORTS, 1929

| <i>Value Basis</i><br>in Millions of Dollars<br>Calendar Year Ending December 31 |              |                |                | <i>Volume Basis</i><br>in Thousands of Long Tons (2,240 lbs.)<br>Fiscal Year Ending June 30 |              |                |                |
|--|--------------|----------------|----------------|---|--------------|----------------|----------------|
|  | <i>Total</i> | <i>Imports</i> | <i>Exports</i> |   | <i>Total</i> | <i>Imports</i> | <i>Exports</i> |
| United States  | 9,641        | 4,400          | 5,241          | United States   | 110,971      | 50,709         | 60,262         |
| New York   | 4,004        | 2,103          | 1,901          | New York  | 28,528       | 17,083         | 11,444         |
| New Orleans  | 562          | 206            | 356            | New Orleans   | 8,816        | 4,614          | 4,201          |
| San Francisco  | 396          | 212            | 184            | Baltimore   | 6,390        | 4,760          | 1,630          |
| Philadelphia   | 326          | 234            | 92             | Los Angeles   | 6,310        | 645            | 5,664          |
| Boston   | 311          | 270            | 41             | Philadelphia  | 5,945        | 4,223          | 1,722          |
| Houston  | 297          | 15             | 282            | San Francisco   | 3,782        | 1,179          | 2,602          |
| Galveston  | 295          | 12             | 283            | Houston   | 3,728        | 290            | 3,437          |
| Seattle  | 247          | 180            | 67             | Boston  | 2,574        | 2,191          | 382            |
| Los Angeles  | 204          | 51             | 153            | Norfolk   | 2,223        | 503            | 1,719          |
| Baltimore  | 198          | 114            | 84             | Galveston   | 2,160        | 328            | 1,832          |
| Buffalo  | 274          | 113            | 161            | Buffalo   | 6,571        | 4,797          | 1,773          |
| Detroit  | 273          | 56             | 217            | Detroit   | 731          | 524            | 206            |

With the continued expansion of New York as a port, certain noticeable changes appeared early in the twentieth century. The tramp steamer had appeared on the seas as a cargo carrier during the seventies, and after the turn of the century it began to crowd the sailing vessels from most branches of foreign trade. The terminal facilities of the port also required attention. In 1650, there had been one wharf, located on the East River; in 1840, there were 60 on the East River and 53 on the Hudson. In 1927, there were 1,875 in the port area. Serious traffic tangles arose from the fact that Manhattan is an island. Two important railroads had their terminals on Manhattan; the rest were all across the Hudson on the Jersey side. John H. Starin, who is credited with the invention of the car float, made a fortune in pioneer attempts to solve the port's freight-handling problems. Coördinated action, however, was hampered by the fact that the port area lies in two different states and numerous separate mu-

nicipalities, and, when the World War threw unusually heavy burdens upon the port, its facilities proved inadequate. This led, on April 30, 1921, to a compact between New York and New Jersey, forming a "Port of New York Authority" and creating an extensive Port District, with a water front of 771 miles. A group of experts had already drawn up a plan to coördinate the port facilities. Its most distinctive feature was a triple series of belt-line railroads connecting the various railroad terminals and piers. The Port Authority has also undertaken to construct several interstate bridges and a tunnel.

Not content with maintaining its national primacy, New York in the twentieth century also secured the world championship among seaports. World economic conditions tended to change its general rôle during the last years of the preceding century. Up to that time, the exports of the United States consisted chiefly of foodstuffs and raw materials, particularly grain and cotton. England had assumed the rôle of "workshop of the world," and for a century enjoyed its early start in the Industrial Revolution. Its position seemed so secure that the British grew complacent, only to find, by 1890, that both Germany and the United States had become sufficiently industrialized, not only to be relieved of dependence upon England for manufactures but even to compete with England in other markets. In its imports of European manufactures, New York began to take more and more that had been "made in Germany." It also began to import an increasing amount of raw materials, many of which were transformed or refined in factories near-by, and then shipped out as industrial products. This tended to increase the industrial population of the New York metropolitan area, as well as to swell the trade of the port.

In comparing the trade statistics for world ports, the American ports are at a certain disadvantage. Coastwise statistics are generally difficult, if not impossible, to secure. The distance in-

volved in the average American coasting voyage would carry a European cargo to several foreign countries. Even at that, New York seems to have overtaken its transatlantic rivals in the volume of its foreign commerce about 1900. By the more important criterion of value it was virtually tied for first place with London, Liverpool and Hamburg on the eve of the World War. During the war, it became the point of shipment for vast quantities of food, munitions and other supplies for the Allies, and gained a clear first place. It seems to have maintained this by a safe margin through 1929, since when trade and currencies have become too violently disturbed to make comparative statistics of any real value. The figures for the world's "big four," in the modern period, are as follows:

COMMERCE OF LEADING WORLD SEAPORTS 1911-1929

Combined Imports and Exports  
(In Millions of Dollars)

|           | 1911  | 1912  | 1913  | 1929  |
|-----------|-------|-------|-------|-------|
| New York  | 1,654 | 1,793 | 1,966 | 4,004 |
| London    | 1,791 | 1,866 | 2,003 | 3,431 |
| Hamburg   | 1,674 | 1,960 | 1,901 | 2,941 |
| Liverpool | 1,637 | 1,816 | 1,804 | 2,321 |

It would be very difficult to secure comparable figures for all the other prominent world ports for a single year. Judging from statistics furnished by the Bureau of Foreign and Domestic Commerce, however, it would seem that, between 1927 and 1929, fourteen foreign ports stood between New York and our second port, New Orleans, in the value of their commerce. Rotterdam and Antwerp, like London, Hamburg and Liverpool, were in the billion-dollar class, with Singapore and Buenos Aires close behind. Then, as far as relative order may be determined, came Calcutta, Marseilles, Kobe, Shanghai, Yokohama, Bombay



and Le Havre. Between New Orleans and our third port, San Francisco, stood Sydney, Alexandria, Montreal and Santos. Those very names suggest the widespread nature of world trade at present. Of those twenty-one seaports, seven are in Europe, six in the Americas, six in Asia, one in Africa and one in Australia.

London has its Liverpool, Marseilles its Le Havre, and Kobe its Yokohama. It was partly the work of nature and partly the timely energy, around 1817, that made New York *the* port of the United States with no serious competition from any single runner-up.

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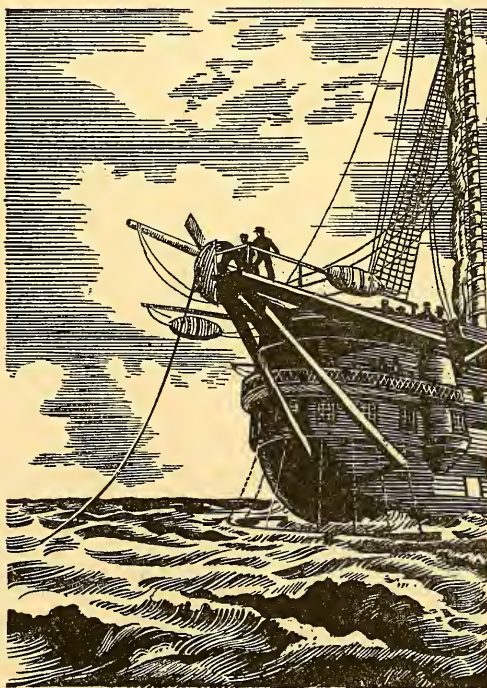


— VI —

# PUBLIC UTILITIES AND THEIR EARLY REGULATION

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# PUBLIC UTILITIES AND THEIR EARLY REGULATION

## INTRODUCTION

AS one looks back over the history of the enterprises supplying such services as transportation, gas, electricity, telephone, telegraph, etc., he will find in New York a series of steps, each of which moves in the direction of increasing the scope of regulation and control in the public interest. At the outset, it was assumed that competition might be depended upon as a means of protecting the consuming public from exploitation as to methods of financing, rate levels and standards of service. No better illustration of this can be found than in the record of the gas companies in New York City, to be discussed later. It was only after decades of disillusioning experience that measures were adopted which assumed the monopolistic character of the utilities and prescribed broader and broader controls by legislative bodies or, as subsequently developed, by specially constituted authorities representing such bodies.

The initial step in this process was the provision of more or less specific conditions in the original contract or franchise, whether this instrument was drawn by the local or the state legislative body. Next came supplemental legislative enactments, specifying rates and service conditions, or extending the area in which the given company might operate.

The inadequacy of legislative control, which was necessarily sporadic in character and lacking in the means of enforcement except through the cumbersome and expensive process of an appeal to the courts, led to the establishment of administrative commissions with either local or state-wide jurisdiction. Such commissions were at first advisory and recommendatory in character, depending largely on publicity and the force of public opinion. As might be expected, they proved to be ineffective.

After the customary lag between demonstration of inadequacy and constructive action, commissions were endowed with mandatory powers and progressively better equipped to enforce compliance with their orders. This statement applies to the commissions of New York City, the only municipality in the state which, so far as is known, has had local utility commissions, as well as to the state bodies. Except for New York City, control over certain utilities was centralized in the state commission in 1905, and broadened in 1907. Since the inauguration of the state commission, there has been a more or less steady increase of its authority and powers over the utility companies. Today the sweeping generalization may be made that there are few significant aspects of utility management which may not be authoritatively reviewed by the public service commission. The exception to this statement has to do with several phases of the relations between holding companies and their subsidiaries.

With the turn of the century, a new era began in the manufacturing and agricultural life of New York State, and the rate of development and expansion since that time has been unprecedented. This observation is equally applicable to the various utility industries, as will be shown later. As the public utilities have expanded, their services have become more and more essential to the well-being of the people, until now it may be said that they provide the very foundation and framework of our present mode of living. If suddenly withdrawn, civilized life, as we know it, would practically collapse. Furthermore, investments in utility enterprises have reached such magnitude, and their current financing for present and future needs is so extensive, that the soundness and stability of these investments now constitute a major factor in the financial welfare of the country. For such reasons the problem of adequate and consistent regulation of the utilities stands at the very forefront of public policy.

There is no intention to justify the necessity of public regulation from the point of view of public interest, of tradition, or of law. This is taken for granted. But the efforts that have been made during the past eighty years to make regulation and control more and more effective will be reviewed. It will be seen that the rate of progress has been slow, and its course irregular and beset with difficulties. The friends of regulation have, for the most part, bestirred themselves only fitfully—public opinion is notoriously fickle and given to spasmodic action; on the other hand, the opponents of regulation have been playing for great stakes and consistently wielded great power in legislative bodies, considerable influence on the personnel of the regulatory agencies, and even in the courts themselves.

The best evidence of the shortcomings of regulatory procedures is to be found in the record of a series of legislative committees and commissions of one sort or another, appointed to investigate the methods of controlling the public utilities. Their appointment betokens more or less widespread dissatisfaction, and their reports and recommendations have usually led to a further tightening up of the powers of regulating commissions or, at least, to efforts in that direction. Such official investigations may, therefore, be looked upon as milestones in the progressive development of regulation. The published reports supply the historian with an abundance of concrete material as to existing defects and abuses and, for the most part, the recommendations made have led to definite changes in the scope of regulatory laws. Such reports, together with those of the regulating agencies themselves, are the chief sources used in the course of this survey.

In the following explanation, attention will be turned first to competition as a means of control; then to special legislative acts permitting the incorporation of utility companies and imposing conditions on their operations; thirdly, to the use of the local franchise as an instrument of regulation; and, finally, to

the creation of *ad hoc* bodies, whether for supervising single utilities or the whole range of them.

#### EARLY REGULATION BY COMPETITION AND BY LAW

Subscribing, as men did throughout the nineteenth century, to the saving power of *laissez faire* in all business relations, it is not surprising that complete confidence was placed in the forces of competition as the means of assuring to the public adequate service and satisfactory rates in connection with the utilities. Only gradually and after much costly experience did it dawn upon the public and the company managements that both economy and efficiency point to the desirability of handling the standard utilities on a monopolistic basis.

To assure themselves in the earlier period that competition should have free sway, the city fathers wrote into many a franchise that the privilege to operate in a given area was under no circumstances to be transferred to another company, thereby presumably prohibiting mergers and consolidations of companies that might be expected to compete with one another. By way of illustration, when the first gas company was organized in New York City in 1823, the board of aldermen granted an exclusive franchise, but this aroused so much public opposition that later franchises offered no such monopolistic privileges. A typical provision appears in the franchise granted by the legislature to the Standard Gas Light Company of New York in 1886. It runs as follows:

And that said Company shall not consolidate, or in any way unite with any other gas company, in said city, or in any way pool its earnings or receipts with any other company or organization organized for the distribution and sale of illuminating gas.

Likewise in Buffalo, the mayor of the city vetoed a franchise granted in the eighties by the council to the Brush Electric Light Company. He recommended that a second company should



have equal access to the city streets, arguing that such a course would be desirable, "in order that there may be competition in the business, and, further, that the streets may not be overburdened with poles." Although the mayor's suggestion was followed and competition did develop for a time, the competing companies combined and Buffalo failed to enjoy satisfactory rates, even after Niagara Falls power was available.

Buffalo's experience is by no means unique. A classical example may be taken from New York City, where competition flourished for a time in the gas business. In 1879 a rate war, waged among several gas companies, resulted in the marketing of gas to some consumers at 75 cents per thousand cubic feet. Thereupon a secret "Gas Pool" was organized and prices straightway bounded up to \$2.25 per thousand. Such illustrations might be multiplied many times over to prove that competition is a very weak reed to lean upon, as a means of bringing about satisfactory service and reasonable rates. Competition among private companies has proved to be not alone futile, but also wasteful. The duplication of poles, conduits, car tracks or gas mains makes for confusion and unnecessarily high costs, the burden of which must ultimately be borne by the public. The very character of the utilities seems to dictate monopolistic operation.

Obviously, if competition cannot be depended upon to safeguard the public against exploitation, recourse must be taken to some form of control and regulation. However self-evident this appears today, decades passed before the public appreciated the need of a competent body, endowed with authority adequate to protect consumers against the unconscionable exploitation that characterized the conduct of the utilities. With some notable exceptions, bribery and corruption of public officials, the watering and jobbery of stock, the manipulation of accounts, perjury before the state tax commission, and profits exceeding



the dreams of avarice were characteristic of the utility companies in the preregulation period.

Legislative action is of two sorts, state and local. Since the municipalities and other subdivisions are creatures of the state and enjoy such powers as the legislature may see fit to assign to them, primary grants of authority would apparently emanate from the state. But before the middle of the nineteenth century, the granting of franchises was, as a matter of customary practice, in the hands of the local legislative body, the council, although at times the legislature granted franchises both under general and special acts. At the outset, when the services of a newly developed utility, such as a railway, gas or electric company, seemed desirable to a local council, valuable privileges and rights were bestowed with a lavish hand. Long-term, and frequently perpetual, rights to the use of the streets and highways were signed away without qualifying conditions of any sort. After the initial period, the members of the council came to appreciate the value of the right to use the city streets. With this understanding came the temptation to seek and accept bribes for the desired privileges. As a result, much of the political corruption, characteristic of most of the larger cities in the state during the middle and latter part of the nineteenth century, centers about the disposal of public privileges upon which each and all of the utilities depend. Indeed an adequate history of almost any city will include a chapter on the subject of utility corruption, and it will be one of the darkest and most unsavory parts of the record.

The bribery of local officials, inadequacy of services and exorbitant rates so aroused the public that recourse was taken to the state legislature. From the middle of the century on, both general laws and special acts were passed, determining conditions under which franchises and contracts should be granted and even specifying the changes which might be imposed for one or another service.

Among the most important acts of the legislature which deprived the local authorities of some measure of control of franchises, the following may be cited. In 1854 the law was passed authorizing cities to give franchises and requiring the consent of property owners on streets immediately involved in street-railway grants. The sweeping provision was enacted in 1860 that the power to grant street-railway franchises for New York City and to prescribe conditions for their exercise should be lodged in the legislature itself. An amendment to the state constitution was adopted in 1874 prescribing that the local authority, as well as one-half the affected property holders, should consent to the granting of street-car franchises or, in lieu of the latter, the consent of the supreme court should be obtained. In 1884, the local council was given the power to dispose of its own franchises.

Shifting the scene of conflict, or perhaps better the scene of bribery, to the state legislature, as was done in 1860, failed to bring the hoped-for improvement, and the potency of the home-rule argument again prevailed. But the legislature did not adopt a hands-off policy in all respects. For example, general laws in 1890 and 1898 authorized the incorporation of utility companies, and specified the amount of such incorporation, with the consent of the local authority, or set limits on the periods of franchises. In special laws, maximum rates for services were prescribed as, for instance in 1890, when the maximum price of gas in cities of 100,000–500,000 was fixed at not more than \$2 per thousand cubic feet, in those of 500,000–1,250,000 at \$1.50, and in those beyond 1,250,000 at \$1.25; or when, in 1897, the New York City gas-light companies were restricted to a charge of \$1.20 per thousand cubic feet, with further reductions to \$1; or when, in 1905, the street railways in Albany and Rensselaer were restricted to a five-cent fare. With no agency responsible for enforcement, many such provisions proved to be dead-letter laws.

With such a shifting of the lines of authority between the legislature and local bodies, it is quite impossible to discover a consistent and progressive policy. The legislative grants of power were not always in harmony with those to which local authorities had already committed their respective localities. When it came to specific provisions as to rates, for example, legislators were lacking in the expert knowledge necessary for sound and practical decisions. Furthermore, the legislature is in session for a comparatively brief space of time, and is then overburdened with a great variety of time-absorbing duties. One can hardly view the record of the state legislature on utility regulation with other than mixed feelings, that is, until the law was passed creating a state gas and electricity commission in 1905, which was superseded two years later by the public service commissions.

The legislature's most important contributions prior to this time center about the appointment of investigating committees, particularly in the affairs of New York City. With the appointment, however, of a permanent utility commission, endowed with broad administrative powers, a new chapter in the control of these important industries opens. This will be dealt with in a subsequent chapter.

Consideration will now be given to the more important acts of the legislature, whereby restrictions were imposed on the cities in the granting of franchises. Apart from those previously noted, in 1884 the legislature made it permissive for local authorities to award franchises at public auction. In the same law it was prescribed that cities of over 250,000 population should require street-railway companies to pay 3 per cent of their gross receipts to the city during the first five years of operation, and 5 per cent thereafter, such sums to be placed to the credit of the sinking fund. For smaller cities the amount to be charged was made permissive up to 3 per cent. But such payments would not be required for companies already operating, except for extensions or

additions after the passage of the act. Finally, the maximum fare was established at five cents. In 1886 public auction of street-railway franchises was made compulsory to the bidder offering the highest percentage of gross receipts, while the legislature reserved the right to regulate and reduce the fare on street railways.

In some instances these charges were exceptionally high, necessitating unduly high fares. For example, in Buffalo one company paid into the city coffers some \$48,000 per year. In the belief that low fares were in the public interest, one investigating committee urged the elimination of these payments which, in conjunction with proper accounting control, would result in lower fares and a fair return on the investment.

#### REGULATION BY LOCAL FRANCHISES

It was not until 1854 that cities had the authority to make franchise grants, although this had been done extra-legally previous to this time. The proper exercise of this authority required most careful consideration and expert advice. It involved signing away for a time, if not perpetually, some of the sovereign and presumably inalienable rights of the city, to say nothing of economic privileges whose capital value was not easy to compute. Despite these considerations, this responsibility had been handled with a carelessness and indifference to the interests of both present and future generations that beggars description. Literally for decades the granting of franchises was accompanied by an orgy of bribery and corruption. As far back as 1853 proofs were adduced before the grand jury in New York as to the purchase of aldermanic support through the expenditure of enormous sums that "would startle the most credulous." Milo R. Maltbie makes the following generalization: "Indeed one is almost convinced that hardly a single franchise in New York City, with the exception possibly of many wharf and ferry privi-



leges, has been granted without corrupt means." The story of the efforts of both the legislature and the New York City council to dispose of the street-car franchise on Broadway over the vetoes of both governor and mayor, and without compensation to the city, tops the list. After years of maneuvering and countermanceuvering, the invaluable right to operate cars on Broadway was finally captured by the Tweed Ring. For thirty-four years (1852-86) the fight was waged, both in New York and Albany, to secure the rights to run cars on Broadway. Many an alderman and legislator was indicted during the course of the struggle. It is a fitting climax that the city council finally making the grant was dominated by the so-called "Boodle Board," many of whose members went to prison, fled the country or retired with a grand-jury indictment hanging over their heads. This tale of Broadway is a counterpart to what transpired in connection with the letting of other New York franchises, as well as with the granting of those in city after city throughout the state. The exploitation of the public interest through the prostitution of the servants of the public was the rule, not the exception.

A detailed examination of the franchises shows that, prior to 1882, practically no conditions were attached as to original payment, periodic payments after operations began, rights of recapture, or service standards. Under such circumstances, the only recourse open to the city was an appeal to the courts on the basis of the police power. This was then, as it always is, a time-consuming, expensive and cumbersome procedure. Occasionally it was prescribed in the contract that the city should receive a definite share of all net earnings beyond a specified percentage of returns on the investment. A typical provision of this sort appeared in the contract with the companies furnishing the electrical conduits in New York City. The percentage fixed here was 10 per cent, with the understanding that the city should receive one-



third of excess earnings. Some of the gas companies were also under contract to return to the consumers all returns in excess of 10 per cent. This was circumvented, however, by stock inflation and the manipulation of bond issues. Because of the lack of control of capitalization and accounting methods, such provisions were bound to remain empty promises.

Although franchises occasionally included recapture provisions and specified the conditions under which the city concerned might take over one or another utility, the number of publicly owned and operated utilities in the state goes to show that this has afforded little protection of a practical sort. A review of the conditions incorporated in franchises granted up to the end of the nineteenth century indicates that almost no substantial provisions were incorporated, such as are dictated by an appreciation of the public rights involved, to say nothing of the valuable considerations that were placed at the disposal of utility companies. But the directors of the companies were not slow to capitalize such values. In the detailed record of the capital accounts of the several gas and electric companies in New York City, as set forth in the report of the Stevens committee (1905), the items of good will, value of franchise rights, earning power, and other intangibles, representing no financial investment whatever, were given considerable prominence. In some cases, even where franchises had expired, they were carried on the books at high values. As the city expanded and new customers were added, earning power increased and the capital stock was further heavily watered. This process is well summarized in the final report of the Stevens committee. Instead of being used, therefore, as a protective device, the franchise became an instrument for securing services desired by and essential to the community, but one which at the same time permitted the beneficial stockholders to reap, at public expense, excessive profits on their actual investments.

From the point of view of the period for which franchises were to be in force, one encounters what in many instances amounts to an intentional or unintentional betrayal of the public interest. The granting of a franchise in perpetuity, as is the case with many franchises in the state, is in no way defensible. Likewise, neglect to take advantage of the expiration of franchises for the purpose of redrafting them in terms of present-day policies and methods is not to be justified. For example, the Stevens committee called attention to the fact that several of the companies merged under the Consolidated Gas Company in New York were operating on expired franchises and others on those soon to expire. Efforts were made to correct irregularities as to the duration of franchises in New York City by providing in the 1897 charter that they should run not more than twenty-five years, although in 1901 the limit of fifty years was adopted for the subway charters.

No investigation has been made of the actual terms of existing franchises in the various cities of the state. Dr. Delos F. Wilcox, the author of the most authoritative work on the subject of franchises, summarized the franchise situation for the electric-light-and-power industry in New York City in the following words: "The franchises under which this enormous business was carried on were granted from time to time from 1881 to 1897, by 29 different municipalities ranging in size from the old City of New York with its 2,000,000 people, to various towns and villages in Queens, Richmond and Westchester Counties, with only a few thousand inhabitants each. Practically all these franchises are perpetual." He notes further, "the absence of any appreciable restrictions upon the companies for the protection of the public interest."

The widespread neglect of municipalities to guard their rights in the streets, and to provide for suitable control of the utility company serving them, led the joint committee of the legisla-

ture, appointed to investigate the public service commissions in 1917, to suggest:

that in future grants of franchise rights in the streets and other public places for use in a public service, the municipality granting the same may condition such franchise or right to the effect that the same shall continue in force (subject to the conditions and terms thereof) until such time as the municipality shall elect to acquire by purchase from such holder thereof the properties used in the rendering of the public service for which such franchise or right was granted.

In this recommendation the committee was referring to the type of franchise that is known as an indeterminate permit. Under this contract, it is within the power of the municipality to revoke the franchise at any time with the approval of the majority of the voters, with the understanding that the company operating the utility shall be reimbursed for the value of the plant and equipment minus depreciation. It may also be provided that the amount to be paid should cover the difference between the actual earnings and a 10-per-cent return on the investment, when there has been a deficiency on this score. It is argued by the proponents of these permits, that the possibility of revocation tends to limit profits and to put the franchise holder on good behavior.

Despite the many shortcomings in the methods of handling franchises, pointed out in one way or another by the several legislative committees to which reference has been made, there has been no systematic progress in this matter, except that the utility companies are now prohibited from including franchise values as a part of the investment on which a return is to be made. The present law reads: "The Commission shall have no power to authorize the capitalization of any franchise by a corporation nor to authorize the capitalization of any franchise or the right to own, operate or enjoy any franchise whatsoever in excess of the amount (exclusive of any tax or annual charge) actually

paid to the state or to any political subdivision thereof as the consideration for the grant of such franchise or right."

In the great majority of cases, the cities have not the right, or think that they have not the right, to revoke their franchises when they are dissatisfied, thereby dispensing with probably the most persuasive measure of control in the public interest. With the lack of a workable scheme of determining base values for rate-making purposes, and the absence of authority of the commission over the holding companies which now dominate the policies of practically all operating utilities, the right of terminating franchises might prove to be a most effective instrument of supplementing supervision by the state commission.

#### LACK OF SUPERVISION OF CAPITALIZATION, RATES AND SERVICES

The capitalization of companies was subject to no regulation whatever during the precommission period. The data brought together by the several investigating committees warrant the generalization that capitalization was determined, not primarily by the amounts of investment at one time or another, but rather by the actual or putative earning power of the properties concerned. The Thomas committee, after examining the gas-light companies in New York, said:

It is quite evident that the present nominal capital represents neither the money actually invested, nor the amount needful to fully meet the needs of the community. . . . Certainly a gas corporation that occupies the public streets with its mains to the exclusion of a general competition should not receive a dividend upon money it has never expended in its works, since it otherwise exacts from the public interest upon an expenditure that is wholly fictitious, and from which the public derive not the slightest benefit.

The underlying principle that the utilities, in view of the great privileges they enjoy at the hands of the public, are under obli-



gations to provide their services at the lowest possible rates consistent with maintaining their properties in good condition and with a fair return on the investment, has been consistently ignored in the interest of giving the investors the highest possible returns that a long-suffering and negligent public would endure. The increasing density of the population, the more general and increasing use of utility services, and the technological improvements in the production and distribution of these services – factors making for greater efficiency and lower costs – have been utilized chiefly as the occasion for increasing capitalization or dividends, rather than for lowering rates. In the main, it may be said that only under widespread protest and through legislative or commission action have rates been reduced to any appreciable degree.

Perhaps the most glaring example of capital inflation is to be found in the evidence and summary statements concerning the Consolidated Gas Company, as reported by the investigating committee of 1905. The chairman of this committee was Senator Frederick C. Stevens, and the counsel, Charles Evans Hughes. According to this report, the six gas companies, consolidated under the new system in 1884, had a combined book value of \$20,942,632, which was capitalized at \$37,971,419.

The committee made a similar investigation of the inflation of the stock of the New York Edison Company, one of the constituent parts of the Consolidated Gas Company. According to the findings, the book value of the property, as of 1901, after the subtraction of \$11,729,586 for good will, worthless stock, etc., amounted to \$23,089,781, while the capitalization was placed at \$45,200,000.

After setting forth that the actual book cost of the companies constituting the Consolidated Gas Company of New York was \$30,373,831, while "contracts, rights, etc." were valued at \$7,781,000, the committee declared itself as follows:



The fact that the company by rendering competition impossible, has been able to earn large dividends, does not justify it in adding to the value of its plant an additional amount for good will or earning capacity and thereby justify a continuance of excessive charges. If this were permitted it would be able to secure in perpetuity the maintenance of exorbitant rates. Extortion for a period of years would be the sufficient excuse for further extortion. Indeed, there would seem to be no escape from the conclusion that successful imposition upon the public would warrant increased charges upon the ground of enhanced good will. The company is entitled to a fair return upon capital actually invested, but it is not entitled to capitalize its grip on the public. The fact that it may be proper to value good will due to efficient organization and to the securing of public esteem through good service under ordinary conditions of competition furnishes no reason for an addition to capital in order to maintain high charges of an amount which, while termed good will, is really an estimate of an earning capacity due to a monopolization of a public service. . . .

But it is doubtful whether the Consolidated Gas Company has any extensive rights in the City of New York. It appears that no franchise other than the franchise to be a corporation has been granted to the Consolidated Gas Company, and it would seem that several of the grants to the constituent companies have expired or will soon expire.

The minority group of the investigating committee of 1929-30, having reviewed the early history of the Consolidated Gas Company, came to the conclusion that there was an over-capitalization of approximately \$150,000,000, and "that the effects of this are still on the books in the form of capitalized obsolete equipment, duplicated by large reserves."

This is admittedly an extreme case of the inflationary methods adopted by utility companies when there is no adequate control of such policies. By capitalizing present and prospective earning power, the insiders reap huge profits, the system is burdened with excessive "promises to pay" on watered securities,

and the gullible public, consisting of thousands of large and small investors, raise their voices in unanimous chorus against the strengthening of regulation and rate reductions. Even after the prohibition of the capitalization of franchise values and the item of good will, reproduction cost new, minus depreciation but plus "going value," has kept the way open for unconscionable inflation and for the exercise of that constructive imagination that has long characterized the promoting financier and his agents. Such is the situation today.

A central theme of each of the legislative investigations, and indeed the chief occasion of instigating them, were the inordinately high rates both for private users and the municipalities. The secondary purpose was to investigate the character of the service. This applied in the earlier period, particularly to the quality of illuminating gas, and to the overcrowding of and lack of protective measures for the street cars. More often than not legislative measures were adopted as remedies for the abuses uncovered.

But the shortcomings of this method of controlling rates, as well as other phases of utility operations, became more apparent as the years passed. What was needed was not spasmodic and intermittent regulation through special legislative acts, whether of the local council or the state legislature, but rather a continuing body selected because of competency and equipped with authority and funds adequate to the task. It is therefore appropriate to follow the development of agencies endowed with more or less power to improve the standards of utility control. This development reached its climax in the creation of the public service commissions in 1907.

#### TELEPHONE AND TELEGRAPH

The growth and development of the telegraph business has been nothing less than phenomenal. In 1844 the New York in-

ventor, Morse, organized a company to construct a line between New York, Washington, and Baltimore. Within seven years, fifty companies were operating lines in various parts of the United States. The Western Union Telegraph Company, formerly the New York and Mississippi Valley Printing Telegraph Company, was organized in 1851, to connect Buffalo and St. Louis. Recognizing the advantages of a country-wide service, it rapidly absorbed the independent companies until its 2,000,000-mile wire spanned the continent. In 1934 this company had 74,767 miles of wire in New York State alone. The Postal Telegraph Company, which formerly operated in New York State under the name of the New England Telegraph Company of New York, was organized in 1886 to compete with the Western Union Company. The Postal Company operates some 350,000 miles of wire, of which 38,738 miles are located in New York State. From these facts, it will be apparent that the telegraph companies operated at the outset on an interstate basis, and also that there has been and still is extensive competition. These conditions explain why the problem of regulation has not loomed so large as in connection with utilities which, except the railroads, were localized in their operations for many decades.

Although telegraph and telephone systems were brought under the supervision of the Interstate Commerce Commission in 1910, the attention of this commission has not to any considerable extent been concentrated on the telegraph systems. The telegraph corporations of the state came under the control of the public service commission in 1910. A review of the annual reports of that commission shows, however, that the commission has done little more under this authority than to receive annual reports, to approve changes in rate schedules and the like. Regulation has, therefore, been largely a *pro forma* matter. Again, when the legislative investigating committee was organized in 1913 for the purpose of "examining into telephone, telegraph

and other forms of electrical communications," the committee decided at the very outset that it would not take into account the telegraph corporations, because of the keen rivalry between the Western Union and the Postal Telegraph Companies. In the words of the committee, "competition can be relied upon to regulate telegraphic rates." It should be noted, however, that the Western Union and the Postal Telegraph Companies had increased message rates from twenty-five cents to thirty and forty cents at one and the same time, apparently not under a contract, but according to a "gentleman's agreement."

The telephone industry has been made the subject of three special legislative investigations—in 1887–88, 1909–10 and 1913–14. Like the telegraph, the telephone won popular favor almost overnight. The committee, reporting in 1888 when the industry was only eleven years old, pointed out that during this space of time, "it had passed from a mere play-thing to an absolute business necessity." According to this committee, there were 860,000 telephones in use at the time, while the state board of tax commissioners assessed the properties of the telephone and telegraph companies operating in the state at \$71,093,502.

The telephone business got under way on a commercial basis in 1878, with the organization of the New England Telephone Company, which held the Bell patents and undertook to exploit the New England territory, while the Bell Telephone Company owned the patents. The capitalization of these two companies was \$200,000 and \$450,000, respectively. At the same time, the Western Union Company had formed a subsidiary organization known as the Gold and Stock Company, to utilize the Edison patents for telephone purposes. For a year or two, there was active competition, until an agreement was reached whereby the Bell interests took over the Edison patents and secured the rights to develop the telephone business through exchanges and toll lines. By way of recompense the Western Union received stock



in the telephone company. Incidentally, it may be noted that the Bell Company, or its successors, held large blocks of stock in the Western Union. In fact, the American Telephone and Telegraph Company was the largest single stockholder in 1908. By action of the Federal government, each of the two companies was compelled to dispose of its holdings of the other's stock in 1909.

The American Bell Telephone Company, successor to the Bell and the New England Companies, was organized in 1880 with a capitalization of \$6,000,000, to develop the business throughout the United States. In 1885 the American Telephone and Telegraph Company was incorporated for the purpose of handling the long-distance and toll business. It was chiefly owned by the American Bell Telephone Company. This same period was marked by considerable activity in various sections of New York State. For example, the Bell Telephone Company of Buffalo and the Empire State Telephone Company were established in 1879; the Central New York Telephone and Telegraph Companies and the New York and Pennsylvania Telephone and Telegraph Companies in 1882; and the New York and New Jersey Telephone Company in 1883. These companies all used the Bell patents, for which it was customary to assign one-third of the capital stock for the Bell licenses, and to pay this company from \$10 to \$14 annual rental for the use of each telephone instrument. In 1902 the rental charge was eliminated, and the companies were required to pay 4½ per cent of gross income for the use of the telephone equipment and other services performed by the central company.

Under the above policy the ground-work was laid for the integration of the telephone business in New York State under a single licensee, the New York Telephone Company. Such integration was consummated by the formation of the American Telephone and Telegraph Company, which, as previously noted, was organized to handle the long-distance business. In 1899 this



company took over the patents and the other interests of the American Bell Telephone Company, and became the parent company for the whole industry. With a capitalization of over \$1,000,000,000, it is now the largest nonfinancial corporation in the United States, with a practical monopoly of the telephone business. This is enhanced by the ownership and control of the Western Electric Company, the largest single manufacturer of instruments and equipment.

According to the record built up by the 1888-89 investigating committee, the early history of these several companies operating in New York State was replete with the abuses so characteristic of the management and financing of other utilities in the early days. Franchises, licenses and good will were capitalized to an extreme limit and without any special reference to the actual amounts invested in actual properties. In the absence of any regulation, exorbitant rates were charged, the only limit being the "endurance of the public." Holding-company charges were, in the words of the committee, "extortionate in character." One case was cited of a subsidiary to the Hudson River Telephone Company which was required to pay \$17 rental per phone, plus one-fourth of its gross receipts for executive management. As a consequence, the local stockholders suffered a serious loss on their investment.

As reported for the various companies covered in the investigation, dividends on the inflated capitalization were generally moderate enough, although when computed on the basis of the capital actually invested they ran in two or three instances to as high as 35 per cent. But on account of the inadequacy of the records of property accounts, it was quite difficult to make satisfactory computations.

In making recommendations, the 1888-89 committee discussed at some length the possibility of bringing "extortionate rentals" and other charges payable to the parent company, a

foreign corporation, under some sort of state control. Because of the provisions of the United States Constitution, the committee reluctantly reached the conclusion that it could not recommend taxing the patent rights of the parent company nor the invalidating of the contracts between the local companies and the parent. This position was summarized in the following words: "If it be said that the monopoly which this company has and will in the future enjoy is against public policy, then we say that the remedy lies with the United States authorities." It further refers rather wistfully to the government ownership and control of the telephone industry under the English government.

The committee contented itself with two major recommendations in the form of bills. The one prescribed that no stocks or bonds should be issued by local companies except for cash or actual service, and the second specified rates at \$6.50 per month for phones within a half-mile radius of the central station, with an additional charge of \$2 for each half mile beyond this radius.

The next investigation took place twenty-five years later, in 1909-10. On the basis of the report, it appears that the consolidation movement had gone forward to the point where the New York Telephone Company practically controlled all of the local exchanges operating under a Bell license, involving about 660,000 stations or phones. At this time (1909) the independents operated some 200,000 stations, including 900-1,000 farmers' organizations, both incorporated and non-incorporated companies, which provided services usually on a convenience rather than a profit basis. The independents were particularly strong in the western part of the state, centering in Buffalo. These had consolidated or combined into the Federal Telephone Company, which in turn was controlled by a holding company, the Consolidated Telephone Company. Despite the claim that this organization was interested in compet-

ing with the telephone monopoly, the committee suggested that it was apparently seeking to displace one monopoly with another.

In the report of the committee were brought together comprehensive statements as to the various corporations supplying telephone services throughout the state, summaries of the capitalization, earnings, dividend rates, wire mileage, number of phones, etc. In elaborate hearings, the officers of the several companies, particularly of the New York Telephone Company, outlined the development of the company concerned and described its business policies in considerable detail.

The major conclusions of the committee dealt with the desirability of avoiding duplications of services, and the virtual necessity of subjecting these companies to thoroughgoing regulation on the part of the state, similar to that already in vogue for other utilities. It took particular cognizance of the 4½-per-cent service charge, payable to the Bell interests as "royalty on the Bell patents and for rental of the telephone instruments, and certain alleged engineering, experimental and expert legal service"; it commented further that this charge was shown on the books to be a part of the operating expense, but was "really a part of the net earnings of the operating companies and of the profits or gross income of the American Telephone and Telegraph Company." By implication the committee raised a question as to the propriety of paying a royalty of this sort on patents that have for the most part already expired.

In the matter of dividends, the committee pointed out that the earnings of the New York company had been very large, but would undoubtedly be smaller after the 1909 consolidation, because some of the upstate units had earned only small dividends and in some cases none at all. Its comments on stock issues were favorable, in that the bulk of the stock was said to represent actual money investment, "although a portion of it repre-

sents the licenses originally granted by the Bell Telephone Company or the American Bell Telephone Company to the local exchange companies." This statement, in conjunction with that of President Vail to the effect that "every dollar of stock represents actual cash investment," with no capitalization of franchises, would lead one to infer that the water referred to in the 1888 report had been replaced in the interim by investments from the large surplus earnings of the companies.

The investigating committee concluded its report by recommending the passage of a law placing the telephone and telegraph companies of the state under the control of the public service commission of the second district, as to service standards, rates, capital issues, etc. Because of the intercommunity character of the telephone, it was considered inadvisable to divide the responsibility between the two districts, as was done with most other utilities. The non-profit-making companies, and other companies that should in the discretion of the commission be so exempted, would be exempt from such supervision. This recommendation was enacted into law in 1910. The exemption was extended to all companies with a capitalization of \$10,000 or less. Thus, after years of effort in the state legislature, the telephone corporations were subjected to public control.

In 1914 another joint committee, headed by Senator James A. Foley, was appointed to look into the telephone and telegraph companies of the state. This committee brought together data concerning the number, capitalization and financial statistics of the telephone companies of the state, but devoted most of its time to a consideration of the possibility of rate reductions in the New York City area.

In the years intervening since 1909, the New York Telephone Company had so extended its control that at the time of the investigation it had a virtual monopoly, controlling 90 per cent of the service in the state. The growth of this company from



1896, when it was incorporated, to 1914, is evidenced by the following figures:

| <i>Year</i> | <i>Capital Stock</i> | <i>Bonds</i> | <i>Surplus</i> | <i>Reserves for<br/>Depreciation</i> | <i>Total<br/>Assets</i> |
|-------------|----------------------|--------------|----------------|--------------------------------------|-------------------------|
| 1896        | \$ 11,987,000        | \$ 1,949,000 | ....           | ....                                 | \$ 16,123,811           |
| 1914        | 125,000,000          | 75,309,515   | \$19,130,541   | \$24,932,108                         | 256,171,121             |

As suggested above, the attention of the committee was centered largely on the matter of rate reductions in New York City. For the first time in these investigations, the question of "value" for rate-making purposes was thoroughly aired. The pertinent sections of the New York Public Service Commission Law are as follows: (1) the commission shall fix rates that will yield "a reasonable return upon the value of the property"; and (2) under reorganization the capitalization "shall not exceed the fair value of the property involved, taking into consideration its original cost of construction, duplication cost, present condition, etc."

The issue was sharply drawn between Professor E. W. Bemis, the utility expert who served as adviser of the committee, and the engineers and accountants of the New York Telephone Company, who had been engaged on an appraisal of the telephone property for several years. On the basis of the book records of the company, Professor Bemis came to the conclusion that the actual cost of the property was \$68,520,127, from which he deducted \$11,700,000, the amount that had been collected from the customers as a depreciation reserve. Making allowances for working capital and omissions, the "value" was set as \$65,000,000. On the basis of the reproduction-new theory, the company claimed a value of \$100,000,000 minus \$6,000,000 for actual depreciation. This differential of nearly 50 per cent has become familiar to those who have followed the long-drawn-out controversy on the valuation issue. At any rate, the committee agreed that the company should be required to reduce



its rates to the aggregate amount of \$3,000,000 per year, arguing that, after such a reduction, the income would permit of an 8-per-cent return on the Bemis value and 6 per cent on the company's estimate. It is interesting to note that the same question was being investigated by the public service commission at the same time. But before the conclusion of this case, the committee effected a 10-per-cent reduction in rates, which amounted to something over \$2,000,000 per year.

The 1914-15 investigation resulted in a number of recommendations to the legislature, whose main purpose was to extend the supervision of the commission over telephones, similar to that exercised over other utilities. These included the following: the requirement that a certificate of convenience and necessity be secured for all construction and extensions; the authorization for the public service commission to prescribe standards of service and to enforce interconnections throughout the state, looking toward a universal service; commission control over increased charges and the issuance of stocks and bonds, as well as stock transfers; a valuation of all lines, necessary because of the inadequacy of the records kept by the upstate companies; annual reports of all companies, both operating and holding, to the commission; supervision over all companies, including those with an investment of less than \$10,000, as well as non-profit-making concerns; and, finally, that the first district commission should be made responsible for the regulation of telephones in the New York City area.

Some of these recommendations were enacted into law, but the major ones were pigeon-holed, although after some fifteen years several of them received favorable consideration at the hands of the legislature. But the small companies have not as yet been made subject to the supervision of the commission.

The next investigation of the telephone industry was a part of a sweeping survey of the whole scheme of regulation in New

York State. This took place in 1929-30, under the chairmanship of Senator John Knight. This committee made a number of far-reaching recommendations, affecting all utilities. These are dealt with elsewhere. The one having to do with the telephone industry exclusively was with regard to the companies with a capitalization of \$10,000 or less.

#### SELECT BIBLIOGRAPHY

The bibliographies for Chapters VI and VII have been combined and follow Chapter VII.



— VII —

# PUBLIC UTILITIES AND THEIR RECENT REGULATION

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## PUBLIC UTILITIES AND THEIR RECENT REGULATION

### REGULATORY AGENCIES PRIOR TO 1907: LOCAL AND STATE

ATTENTION will be directed first to the measures enacted for clipping the wings of the New York City council by transferring some of its powers to the comptroller or other officials of the local government. Later special agencies were set up, either for the metropolitan area alone or for all municipalities in the state, including New York City. The first step in the direction of reducing the council's freedom of action was to authorize the comptroller, under the direction of the sinking-fund commissioners, to lease the city-owned ferries, after the council had established them. This is reported to have led to substantial improvements in what had become a disreputable situation. The system of auctioning ferry leases was adopted, to the financial advantage of the city. In 1897 the leasing of the ferries was transferred to the board of estimate and apportionment.

The most important utility problem confronting New York City was easily that of rapid transit, which for decades had been recognized as a major public problem. Some seventy years ago the legislature caused the first investigation of the local transportation problem to be made and, although several commissions were appointed beginning with that of 1875, it was not until the turn of the century that any real progress was made, and even then it was of a rather halting nature.

With the multiplicity of franchises granted by the council and the legislature and the growing need of more and more transit facilities, some sort of a planning and directing board was imperative. Under a law enacted in 1875, a board of five members was appointed by the mayor to determine the necessity and

plans for elevated "steam railway" systems. Several special commissions were appointed from time to time as demands for new transit lines arose. They proved, however, to be inadequate and, consequently, the legislature empowered the mayor to appoint a permanent rapid-transit commission in 1891. This board was designated the board of rapid transit railroad commissioners. It consisted of five members and was endowed with broad powers, both as to elevated and subway systems. These covered the determination of routes, type of construction and operation, but not the permission to build at the city's expense or to lease. Little progress was made and an amendment was consequently enacted in 1894, increasing the board to eight members and giving it the right to construct and to lease, as well as to exercise general supervision over service, regulations and rates. In this same year the people by a referendum vote approved the municipal ownership of new transit facilities. Despite its new powers, it was not until 1900 that a subway contract was actually let, with the power of control largely vested in the Belmont interests for a period of fifty years. The inaction of this board can be estimated, in view of the fact that only one further contract was let (1902) until 1907, when five separate and relatively small contracts were closed. Such inaction was said to be one of the major motives for the establishment of the public service commission.

In 1885 a board of commissioners of electric subways was created by the legislature for the city of New York. Its purpose was to control the development of the network of conduits for housing the electric and other wires underground, thus clearing the streets of overhead wires and unsightly poles. Under an act of 1887, it was designated as the board of electrical control, and given the power to compel the removal of overhead wiring as soon as underground service was available. The mayor was made an ex-officio member. The board was to be superseded by the

sinking fund commission in 1890, presumably when the conduit system had been installed.

So far as is known, New York was the only city in the state to organize (in 1905) a franchise bureau, whose function it was to collect information on all franchise matters and to report to the board of estimate and apportionment. This bureau handled the preliminary negotiations and aided in the drafting of new franchises. The importance of such aid must be apparent when one considers the small-scale developments in the early years, and the variety of terms under which franchises were granted. For example, in the small city of Syracuse, there were three separate and distinct railway companies operating within the confines of the city.

The most systematic check on the freedom of action of the common council in New York City was the provision incorporated in the charter of 1897 requiring that all franchise ordinances have the approval of the board of estimate and apportionment in advance of action in the municipal assembly. It was further stipulated that a three-fourths vote of the council was necessary for enactment of a franchise ordinance, and that a five-sixths vote was required to override the veto of the mayor. In a later charter, this authority was assigned exclusively to the board of estimate and apportionment.

It is but natural that the organization of local boards and special agencies was limited to New York City in the period preceding the creation of the public service commission, because the bulk of the utility business in the state was done in this place. So far as can be learned, the smaller cities took no action along these lines, except here and there for the appointment of inspectors of gas and electricity, with responsibility to test the candle power of the gas and the voltage of the electricity.

Prior to the passage of the general railroad act in 1848 all railroads were incorporated under special enactments, being re-

quired only to file annual reports to the secretary of state. Such reports were printed from 1844 on. The first general law covering the organization of railroads was passed in 1848. Under this law, maps and profiles, as well as annual reports, were to be filed with the state engineer and surveyor. In 1850 detailed data as to finances, equipment and service conditions were to be regularly furnished the above official.

The first board of railroad commissioners was established in 1855. The state engineer and surveyor was an ex-officio member, while the governor appointed a second member and the railroad officials the third. The board was empowered to issue certificates before operation was permitted, to require annual and special reports, and to pass on all rules and regulations. The board was abolished in 1857, on the ground that its powers were too arbitrary and drastic.

For a period of twenty-five years, the only demand on the railroads was that they should file annual reports with the state engineer. But after an investigation by a legislative committee in 1879-80 and a bitter struggle in the legislature, the board was revived in 1882. The board of railroad commissioners consisted of three members; the size of the board and the qualifications for membership, as well as the functions of the commission, were modified from time to time, until it was absorbed in the general public service commission in 1907.

The board of railroad commissioners also had supervisory responsibility over the surface lines and the elevated roads in New York City, while the rapid transit commission controlled the subway system, so far as it had developed. The incongruity of such a division of authority over a transportation system that should be handled as a unit was apparent, and was emphatically advanced by Governor Hughes as an important argument for the consolidation of regulation under a single agency.

In the course of its history the railroad commission was dis-



tinctly what is known as a "weak" commission, that is, it had no power to enforce its orders and recommendations but had to depend on the attorney-general, who took such action on its complaints as he saw fit. Its lack of effectiveness was well characterized by Governor Hughes, who when recommending its elimination expressed himself as follows:

The present scheme of regulation is inadequate. There is a lack of precision in the definition of the powers of the board and an absence of suitable means to compel compliance with its decisions. No penalties are provided for disobedience to orders of the board made within its proper authority. Nor is the board authorized to institute and conduct legal proceedings for the purpose of enforcing its requirements.

Under the law enacted in 1859 the office of inspector of gas meters was established, with headquarters in New York City. Assistants were attached to this office after some thirty years, to perform this same function in Brooklyn, Albany, Buffalo and Jamestown. After the state commission of gas and electricity was established in 1905, the state inspector of gas meters reported to this commission.

The Thomas committee in 1885 charged that the meter inspector's office was "useless and afforded little, if any beneficial protection to consumers." This was held to be due to the fact that the inspector could not enforce his findings, and that the companies might regulate the meters without removing the inspector's seal. The duties performed by the inspector were thoroughly canvassed in the hearings before the 1905 investigating committee. They consisted in the examination and sealing of meters in the factories, and the investigation of meters complained of by individual consumers. Operations were limited, at the time of the hearings, to New York, Brooklyn and Albany.

Efforts were made as early as 1885 to secure a state commission



to control gas and electricity. The legislature passed a bill calling for a gas commissioner for New York City, but the governor vetoed it on the ground that it should have state-wide jurisdiction. Governor Hill urged the creation of a gas commission in 1887, 1889, and again in 1891, but to no avail. Ten years later, Governor Odell proposed that the railroad commission should be made responsible for the regulation of gas and electricity, because of the growing dissatisfaction with the conduct of these utilities. But no action was taken on this recommendation. This matter was brought to a head in 1905, by the recommendations of the legislative investigating committee, headed by Senator Stevens. The committee expressed itself on this matter in the following words:

It is manifest that the conditions disclosed . . . make it necessary that the operations of the companies supplying gas and electricity, as well as those engaged in other public service, should be the subject of constant and effective supervision by a body paid by the State and clothed with power to execute its orders. The gross abuse of legal privilege in over-capitalization and in the manipulation of securities for the purpose of unifying control and eliminating all possible competition shows clearly that there can be no effective remedy by general legislation . . . ; and that for the protection of the public there should be created a commission with inquisitorial authority, competent to make summary investigation of complaints, to supervise issues of securities and investment in the stocks or bonds of other companies, to regulate rates, and to secure adequate inspection; and otherwise, to enforce the provisions of the law.

The abuses uncovered by this committee led to the creation of a commission of gas and electricity in this same year.

The commission was given broad powers and went about its work in a businesslike manner. It compiled the laws relating to the gas and electric corporations, secured a list of the companies subject to its authority, gathered statistical data, and issued a

series of rules of practice. These covered such matters as the following: annual reports, certificates of authority, increase of capital stock, bond issues, transfers of franchises, and the like. The commission also began work on a uniform system of accounts; it ordered rate reductions in a number of instances; and it caused the quality of illuminating gas to be tested in various parts of the state, looking toward the determination of minimum standards.

Some of the accomplishments of this commission are worthy of note. It refused to approve the issuance of stock to the amount of \$1,389,000, which was almost equal to the amount approved (\$1,426,000). Further, the commission ordered the reduction of rates, at times by as much as twenty-five cents per thousand cubic feet of gas. As a result of the commission's activities, fourteen gas companies and forty-two electric companies voluntarily reduced their rates in 1906.

In the examination of the illuminating quality of gas, the tests showed that the gas was strikingly inferior in a number of instances. The minimum for the coal-gas companies was 10.2 candle power, while that for the water-gas companies was 8.8 candle power. The fair standard was considered to be 18 candle power. Finally, the inaccuracy of the gas meters was shown by the fact that 25 per cent ran fast and 15 per cent ran slow.

Although the gas and electric commission enjoyed a lease of life only for two years, it did much valuable spade work for the succeeding commission, and definitely demonstrated the need of a permanent regulatory agency.

#### PUBLIC SERVICE COMMISSIONS

The major consequences of the 1905 investigation of the joint legislative committee were: (1) the recognition of the necessity of the continuous control of the utilities through an administrative body; and (2) the emergence of Charles Evans Hughes, the

counsel of the commission, as a man of unusual abilities and unusual devotion to the public interest. It is, therefore, not surprising that after his elevation to the governor's chair, Mr. Hughes should sponsor, and vigorously campaign for the adoption of, a comprehensive public service commission law. Among other things he stressed the shortcomings of the railroad board, and the unwisdom and expense of having two commissions, *i.e.*, the board of railroad commissioners and the commission of gas and electricity, dealing with similar matters and at times with the same questions because of conflicting jurisdictions.

Despite the opposition to the proposed reorganization and expansion of functions, both overt and under cover, Governor Hughes succeeded in forcing the measure he sponsored through the legislature, with but six dissenting votes in the senate. Those legislators who were ordinarily responsive to the utility influences were thoroughly routed. The law was hailed at the time of its passage as "the most comprehensive and far-reaching measure for corporate regulation ever adopted in any state." By virtue of this law, New York State shared the leadership in the matter of utility regulation with Wisconsin, which state enacted a somewhat similar law in the same year, 1907. In many ways the New York commission has been one of the leaders in the country from that day to the present.

In the first place it should be noted that the 1907 act brought all of the major utilities under the supervision of the two public service commissions — one serving New York City and designated the public service commission for the first district, and the other serving the balance of the state and designated the public service commission for the second district.

Among other things the law endowed the commissions with a broad sweep of powers. These included supervisory control over rates, service conditions, the determination of base values for rate-making purposes, accounting systems, the issuance of

securities, mergers and consolidations, the granting of certificates of convenience and necessity, and the review of leases, transfers and contracts. These new agencies were further made responsible for the investigation of complaints, given the right to make investigations on their own initiative and also to prescribe equipment and to order repairs and improvements. They had the right of subpoena, and the course was prescribed for the issuance and enforcement of orders, if need be, by fines and by an appeal to the courts. Finally, protection was assured the officials of the utility companies against arbitrary action, both through public hearings which were mandatory and through appeals to the courts. The commissions were thus endowed with administrative, legislative and semijudicial authority.

As might be expected, the utilities, which had been accustomed to a considerable amount of freedom, if not license, in the management of their affairs, attacked the law in the courts on various grounds, particularly on that of unconstitutionality because the legislature had deputed legislative powers to an administrative board. But the law was consistently sustained in the courts.

Governor Hughes recognized that success of such administrative boards would depend as much on the men charged with the function of administration as on the scope of the law. He therefore appointed to the boards men of the highest standards and of unusual competency. As the term of office was for five years and the salaries were set at \$15,000 a year, it was possible to enlist the coöperation of men well qualified for the task of bringing order out of the utility chaos.

At the head of the New York City district was William R. Willcox, former postmaster of New York City. Associated with him were William McCarroll, a prominent business man, and Milo R. Maltbie, Edward M. Bassett and John E. Eustis, all of whom had become known because of their broad interest in



public affairs. At the head of the upstate district, sat Frank W. Stevens, a well-known lawyer from Jamestown. His associates were C. H. Keep, a former Assistant Secretary of the Treasury, and superintendent of banks in New York; Thomas Mott Osborne, who later gained prominence as warden of Sing Sing Prison; James E. Sague, an engineer with extensive railroad experience; and Martin S. Decker, for twenty years an assistant secretary of the Interstate Commerce Commission. This is an imposing list of names. Their appointment was a partial guarantee that the public would be well served in the development of this novel experiment in regulation.

The first annual reports of the two commissions indicate that the new duties were undertaken with dispatch and in a business-like manner. In the second district, having responsibility for the area outside of New York City, an organization was set up whose subdivisions have persisted for the most part to the present day. This observation does not hold for the first district because its functions were materially modified in 1919, when the supervision of all utilities except transportation was assigned to the state commission.

As to policies, it may also be noted that many of those adopted at the outset by the commissioners in the second district are still in operation. Favorable comments on the success of the commission of the first district appeared in the *Outlook*, both in 1908 and 1910. These had to do with the handling of complaints, running in 1910 at the rate of 10,000 per year, with the speeding up of subway and street-car traffic, improvement of the cars and better provisions for safety, both of the passengers and pedestrians, and the adoption of a uniform system of accounts.

Unfortunately this auspicious beginning of systematic regulation does not seem to have borne the fruits that were expected of it. In 1910 former Senator D. F. Davis, testifying before the investigating committee, commented as follows: "We do feel



that upon many questions of improvements that have been presented to the Public Service Commission now existing something about two years, we should by this time begin to have some greater results than have yet obtained." In 1914 a writer in the *Annals of the American Academy of Social and Political Science* referred to the "alleged Tammanyizing of the New York State Commission under Governors Dix and Sulzer, and the later demoralization of the upstate commission through the influence of state politics." In this same article, the critic raised the question as to the success of regulation by state commissions, after reviewing the record of the various commissions that had been established after the models of New York and Wisconsin. His survey led him to the following conclusions:

1. That the latter-day inspiration for state regulation comes from the public utility companies to be regulated, reinforced by an element of the so-called progressives . . . who have been made to believe that state regulation is a progressive institution.

2. That the public utilities have sought to write the laws and have done so in some cases, and modified the laws in others; have used their influence upon the appointing power to name men of "right" minds on the commission; have sought to influence the attitude and to control the action of the commissions after appointment.

3. That with few exceptions the men occupying positions on state commissions had no technical or special qualifications for the work, and in most cases were selected for services past or prospective to the appointing power, and in other cases were men with public utility or allied affiliations, or men known to have a strong corporation or property bias.

4. That state regulation has not given the people the benefit of as favorable rates, nor as good service, as many cities with home rule powers have secured for themselves.

5. That it has not eliminated the public utilities from local politics, but on the contrary has compelled them to become more active than before.

6. That the effect on local citizenship has been disastrous, weakening the community in initiative, self-reliance and capacity for self-government.

7. That in the valuation field, both for rate making and purchase, the state commissions have shown a strong leaning toward the interests of the utility companies.

8. That the public utilities have found that state regulation serves their purposes admirably; that it protects them from unreasonable rates, assures them liberal dividends, imposes no unreasonable service obligations, by means of indeterminate permit assures the permanency of their investments with opportunity to get out in the event of purchase by the city at a price considerably above the legitimate investment in the property, increases the market value of their securities, and, finally, in effect, through state supervision of bond and stock issues, guarantees the integrity of their securities.

In the conclusion of this article, the author pointed to the increasing discontent because of the deep-seated consciousness "of the rapidly growing power of the system over the politics and the policies of the state," and the widespread conviction that "the commissions are ruling the people instead of serving them; taking away instead of protecting their liberties; destroying instead of conserving self-government."

Popular discontent was so general in New York in 1914 and 1915 that another investigating committee was appointed (1915) to review the achievements and shortcomings of the two commissions. After extensive public hearings, the committee issued an indictment of the commissions that was without qualification and about as sweeping as it could be. The following excerpts will bear out this statement:

As an agency of the State for real regulation and supervision of public utilities, the Public Service Commissions of this State have absolutely failed from their organization to the time of the beginning of this investigation. . . .

The negotiating, drawing and executing of the subway contracts are replete with illustrations of the neglect and even the betrayal of the interests of the public and there are many illustrations showing the Public Service Commissions have not executed the State functions that are lodged in the office. . . .

How the bargaining away of city rights and the mortgaging of a city's future by public officials not responsive to the municipality or responsible for the results of their bargaining, how an official State body created in good faith with the laudable object of securing to the people at least some portion of the rights and benefits to which they were entitled, permitting itself to be used by the incompetent or mercenary officials of an over-burdened city as a cloak to cover their incapacity or spirit of manipulation; how the financial control dominating, and directing not only the individuals dependent upon its will, but the public and official bodies created for the purpose of defending against its encroachments; . . . how these and many minor practices and performances of the Public Service Commission of the First District prevented the City of New York from receiving proper rapid transit facilities is a matter of Committee Record.

Among the charges filed against the commissioners of the first district, with the exception of Milo R. Maltbie, the following may be taken as typical:

That they have permitted companies to publish balance sheets which display millions of assets which are not real; and conceal millions of liabilities which are real; and that such balance sheets set forth enormous surplus earnings totaling millions of dollars which are purely fictitious. The Public Service Commission publishes a summary report of thirty-six street railways operating in the City of New York for the year 1914. With the possible exception of one or two railways of least importance, none of the balance sheets in the summary is a true statement.

The committee is no less stern, but somewhat less circumstantial, in its denunciation of the commission of the second district,

to which it gave much less attention in the course of the investigation. Among its strictures the following are noteworthy:

Its determinations have, with few exceptions, affected but a small number of the many people under its control and applied to a limited portion of the territory under its jurisdiction. . . . The rules now enforced in both departments make for unnecessary red tape in the formulating of complaints or criticisms of undesirable or unlawful conditions; for delay in decisions; for confusion in the records, and for impotency in decree or judgment finally rendered. . . . Final orders are hesitatingly entered, calmly disobeyed and quickly forgotten. Hearings are adjourned on the slightest pretext. . . . complaints of citizens or of municipalities against rates or service have been made the official excuse for extensions of corporate powers and increases of corporate incomes. . . . Most of the decisions rendered have been compromises between the demands of the law and the desire of the regulated corporations.

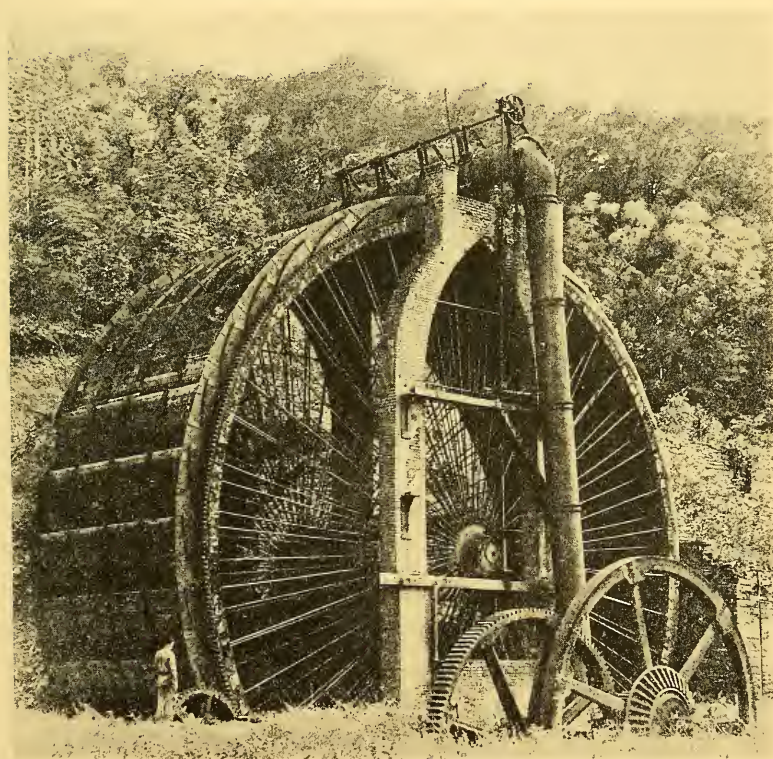
A review of the elaborate hearings, in which all of the commissioners and a number of their chief subordinates participated, goes to show the following as the more important shortcomings of the policies and practices of the two commissions: lack of efficient organization; drawn-out proceedings, covering as much as eight years; reliance on complainants as a means of checking abuses of the utility companies; undue dependence on the companies for original data concerning investments and operations in making decisions and issuing orders; and the difficulties of determining property values, whether for capitalization or rate-making purposes.

In view of these and other defects which were pretty thoroughly canvassed by the investigators, a reviewer of the hearings – however generous he may be – can hardly do less than subscribe to the words of Commissioner William T. Emmet who stated on the stand: “I do not think that regulation has had a fair trial yet in New York.”





SCHOELLKOPF HYDRO POWER STATION  
NIAGARA FALLS, NEW YORK



THE "NIAGARA OF WATER WHEELS" OF THE BURDEN IRON  
WORKS, NEAR TROY, NEW YORK





This same position was taken by Senator Thompson, the chairman of the 1915 committee, who despite his and the committee's excoriations of the commissions expressed, in the introductory statement of the report submitted to the senate, his faith in the possibilities of regulation:

While the experiment of regulation and supervision tried has not justified expectations the policy of regulation and supervision has not had a fair trial, and it is hoped that the scheme of revision and reorganization submitted comprehends such changes in the law as are desirable, and an organization so arranged as to directly, expeditiously and economically apply it in the exercise of the function delegated.

The first and most sensational outcome of this investigation was the resignation, removal or indictment of four of the commissioners of the first district, although, as the chairman noted, "there were some perfectly good Public Service Commissioners" who had served during the eight or ten years of regulation under the commission form, up to the time of the investigation.

The second major consequence was the modification of certain provisions of the law. The foremost recommendation was that the responsibility for the New York City traction situation should be isolated from other aspects of utility regulation, and be carried on directly by the City of New York, on the ground that it was peculiarly a local problem and one calling for an agency specially qualified in traction matters. It was further held by the committee that service and rate control and other matters calling for supervision of already established utilities had been in part neglected because of the problems involved in increasing the transportation facilities of the city. This may be understood when it is pointed out that, under the dual contract plans, the subway mileage was to be increased by over 100 per cent, at a cost to the city in excess of \$300,000,000. The arguments for the isolation of the New York City traction situation

appealed to the legislature, which by an act of 1919 provided for the appointment by the governor with the consent of the Senate of a transit construction commissioner for the period of five years. This official was to take over certain of the powers and duties of the former board of rapid transit railroad commissioners, which had been transferred in 1907 to the public service commission of the first district.

Through the above legislation, the responsibility for all other regulation was assigned to the public service commission, thus giving it powers of supervision over the utilities throughout the state, except for the single group of utilities operating in New York City. It may be noted at this point that the telephone and telegraph companies had been made subject (on a state-wide basis) in 1910 to the public service commission of the second district. Similar action had been taken with reference to steam-heating corporations in 1913. Later the jurisdiction of the commission was extended to bus lines, small telephone companies, water companies, and certain relations between operating units and parent holding corporations.

With the railroads, however, there has been rather a shrinkage than an expansion of the commission's responsibilities with the passing of time. This is due to the broader and broader interpretation of the Federal transportation act, under which the Interstate Commerce Commission functions. Under a broad interpretation, almost any action by a railroad company, even when operating entirely within a state, may be considered to have some effect on interstate commerce. Although the New York State commissioners may sit as co-commissioners on cases affecting the railroads and telegraph and telephone companies of New York State, as they are heard before the Interstate Commerce Commission, they have no official vote. The state commission does, however, have responsibility for inspections of engines, cars and equipment of various sorts; it investigates accidents and

complaints; and it checks on reports, plans for automatic signals and the like.

The types of utilities over which the commission exercised supervision in 1929 are listed in the following tabulation, which may serve as an index to the extent of the commissioner's powers: steam railroad corporations, 69; express companies, 3; sleeping-car companies, 1; baggage and transfer companies, 23; stagecoach and omnibus corporations, 293; stockyard company, 1; freight terminal corporations, 3; bridge company, 1; electrical corporations, 165; coal, gas or water-gas corporations, 30; coal-gas or water companies and electrical corporations, 36; water, gas, natural-gas and electrical corporations, 2; natural-gas corporations, 33; electrical and natural-gas corporations, 1; coal-gas or water-gas and natural-gas corporations, 7; acetylene-gas corporations, 2; gasoline-gas corporations, 1; steam corporations, 8; telephone corporations, 102; and telegraph and cable corporations, 4.

#### REORGANIZATION OF THE PUBLIC SERVICE COMMISSIONS

In 1919, pursuant to the recommendations of the 1915 investigating committee, the public service commission for the first district was replaced by a single commissioner appointed to serve for five years, and by a transit construction commissioner to serve for a period of five years at a salary of \$15,000, while the city was required to meet the expenses of the office. Two years later the two district commissions were abolished, and a single public service commission, consisting of five members, was appointed to serve for ten years. This act gave the commission jurisdiction over gas, electricity, steam, telephone, telegraph and transportation corporations throughout the state, except that a separate agency, known as the transit commission, was organized to handle the transit problems of New York City. The latter consisted of three members, appointed by the gover-

nor for a term of five years. The salaries of the commissioners, the secretary and the counsel were borne by the state but other expenses by the city. The commission was given jurisdiction over railroads, street railroads and bus lines which lie exclusively in the city or which carry local passengers. Broad powers of supervision, including control of stocks, franchises, rates and service, were vested in the agency, and in addition it was granted the power to undertake the construction of new transit facilities. The commission was also empowered to effect a readjustment and a consolidation of all transit lines into one unified transportation system, although this mandate has not been successfully carried out.

By the creation of this commission, the functions of construction and of regulation were again brought together under a single agency, but the arrangement again aroused objections, and in 1924 the power of construction was removed from the transit commission and placed in the hands of a board of transportation. This board, which consists of three members, appointed by the mayor, was in form almost identical with the transit commission as it existed prior to 1907. All powers of regulation remained with the transit commission. The separation of these two functions seems to have been justified, for the board of transportation – a municipal agency – has developed and operated the independent municipal system with more or less success.

One of the most trying problems encountered during recent years in the transit situation has been that of securing the unification of the city's transit system. The problem has been made difficult by the financial stringency of the city, and by the existence of the long-term operating contracts held by private companies.

Extensive plans have been prepared by the transit commission for the recapture of the city's subways and for unified operation. Faced with the lack of sufficient municipal credit to purchase



the operating equipment and meet the franchise obligations of the private companies, the legislature of 1931 created a board of transit control with the power to execute such plans or readjustment as might be worked out by the transit commission. The board was given the power to issue bonds and secure the contracts, leases and franchises of the existing companies to facilitate readjustment. The board was composed of nineteen members, not less than ten nor more than thirteen of whom were appointed by the mayor. Between three and six members were appointed by the transit commission, and between three and six by the mayor on the nomination of the interested railway companies. At the same time, a law was passed allowing the city to effect adjustment directly through the board of transportation. The city thus has alternative methods at its disposal to accomplish the desired result. At present, however, neither has proved effective.

The final reorganization took place in 1926, when the department of public service was established, with a single head and two divisions, the state division assuming the duties of the public service commission and the metropolitan division assuming the duties of the transit commission. The latter commissioners serve for nine years.

Apart from the shifts in organization and functions just noted, the course of utility regulation was fairly well set for the years 1921-29. Under the chairmanship of Commissioner Prendergast, who was in office throughout the period, the organization was stabilized and the routine established for handling the work in a more systematic fashion than had previously been the case. This was facilitated by the fact that the term of office had been increased to ten years and that there was less turnover in the personnel of the commission in this period than since 1907, when the commissions were first organized. Continuity of service is clearly advantageous, particularly when one con-

siders the highly complex and varied duties with which a public service commissioner is charged.

Moreover, according to any standard of measurement, the scope of the commission's work was continuously on the increase. In the period 1921-29, formal proceedings averaged nearly 900 per year and public hearings exceeded 1,000, while the average number of informal complaints amounted to 11,000 annually. On the elimination of grade crossings, one of the special tasks of the commission, the hearings held increased from 321 in 1926 to 684 in 1929, and proceedings were started involving 1,322 crossings. A further measurement of the growth of the commission's activity is to be found in the increase of the annual appropriations for carrying out the functions of this body. Reference to the annual reports shows that the appropriations for running the commission steadily increased from \$700,000 in 1921-22 to \$1,165,490 in 1931-32.

With the improvement in the general standard of living, utility services were in greater and greater demand. This meant new equipment and plant extensions and, in turn, the securing of new capital. From 1922 to 1928, inclusive, new capital issues approved by the commission exceeded \$1,500,000,000 which is nearly \$100,000,000 more than had been approved from 1907 to 1921.

This decade is also marked by the rapid growth of the holding-company movement, whereby independent plants were welded into great systems, more or less centrally controlled. This last movement, unquestionably the most important in the utility field, greatly complicated the regulatory problem, since the holding companies, making much of the fact that they are not public utilities and therefore not subject to control, were able for a number of years, with the aid of friendly legislators, to forestall any action in the legislature. Despite the efforts of the legislature and the commission, this problem is still far from

settled, although several important acts have been written on the statute books.

The commission was destined to run into stormy weather, however, by the end of the period. This was due to a variety of factors which gave prominence to the problems of utility control and made them a matter of widespread public discussion. In the first place mention should be made of the revelations before the Federal Trade Commission as to the manipulation of public opinion on a nation-wide basis through propaganda and other activities of committees generously financed by certain utility organizations. These revelations gave rise to a wave of indignation and made the problem of control one of the questions of the hour. In conjunction with this were the efforts to bring about the public development of Muscle Shoals and Governor Smith's insistence on a similar development of the Saint Lawrence. Finally, one might refer to the speculation in utility stocks, particularly of the holding-company variety, which in the latter part of the twenties was so rampant on the stock exchanges.

This series of events had tended to make people "utility-conscious." They were also moved to compare the rates they were paying to the companies serving them with the much-discussed lower rates paid by their neighbors in Ontario. It was but natural that questions were more and more insistently raised as to the effectiveness of the public service commission as a protective agency. Action was precipitated by a much-quoted editorial in the *New York World*, which charged that regulation had broken down and urged a thoroughgoing investigation of the commission. This demand had the backing of Governor Roosevelt, who had ardently supported the Smith program for the development of the Saint Lawrence power by the public and in the public interest. As a consequence the legislature provided for the appointment of a joint legislative commission,

consisting of three senators, three assemblymen and three nominees of the governor. This committee was designated the commission on the revision of the public service commissions law. Although it moved in the footsteps of the previous investigating committee, it planned for a more comprehensive and intensive survey than any of its predecessors. In the words of the act of 1929, the commission was to make "a thorough survey, examination and study of the public service commission laws of this and other states, for the purpose of ascertaining whether the public service commission law of this state accomplishes the objects for which the system of state regulation was established."

Practically every aspect of the activities of the public service commission was covered in the course of the investigation, both from the point of view of administration under the various laws and of the gaps in existing legislation. Special attention was given to (1) the problem of determining fair value for rate-making purposes; (2) the necessity and possibilities of bringing the holding companies under the jurisdiction of the commission; (3) the desirability of having appeals taken to the state courts in preference to the Federal courts; and (4) the predominating tendency of the commission to assume a judicial attitude toward its functions, rather than one more in conformity with the original purpose of providing consumers with a public defender.

After the hearings, in which nearly a hundred witnesses testified, a large number of recommendations with more or less elaborate arguments and supporting data were presented, in the form of majority and minority reports. These recommendations were later incorporated in some forty or fifty bills that were introduced into the legislature. Most of the measures were modified and weakened in the committees before passage; several were vetoed by the governor because they were not sufficiently far-reaching; while a few were put on the statute books,



materially extending the authority of the commission. In the intervening period (1930-34), several of the measures have been reintroduced and enacted into law.

At the head of the list of findings are the comments concerning the quality of administration of the commission. The majority group of the investigating commission, consisting of the six legislative members and the counsel, Col. William J. Donovan, acquitted the commission of the charge of being "utility-minded" and "remiss in the performance of their duties." Although shortcomings were recognized, it was held by this group that regulation under the commission had not broken down.

The minority group, consisting of the three appointees of Governor Roosevelt, were quite outspoken in declaring that not alone had regulation broken down, but that

the consumers of the State have been abandoned to the exploitation of the public utility companies of the State without any effective restraint of the Public Service Commission. . . . As a result of the steady pressure exerted by the great utility companies to defeat the efforts of the public to regulate public services, the last ten years have witnessed a steady trend away from the true conception of the nature of public utility properties, as well as from the original conception of the purpose of public utility regulation.

One of the most mooted questions that arose in the course of the hearings had to do with the tendency of the commission to depend on complaints from consumers or public authorities, as providing the initial impulse to action on the part of the commission. Related to this was the tendency of the commission to expect the municipalities to prosecute rate cases against the companies, while the commission assumed the rôle of judge. According to some witnesses, this ran counter to the underlying idea of the regulating body, which, it was alleged, was established to act as affirmative defender of the consuming public. Recognizing the possibility of conflicting functions in the duties



of the commission as an administrative and semijudicial body, the majority members of the investigating group and the counsel recommended the appointment of a "people's counsel," who would have the responsibility of prosecuting before the commission cases in the interest of the public. The investigating commission was unanimous in the belief that the attitude of the commission and the use of its power of initiative under the law were of crucial importance in the matter of achieving effective regulation.

In conformity with this conception and in view of the pressing burden of routine matters, it was recommended that a special staff should be appointed to carry on investigatory and research work in such "long-run" problems as the following: valuations, rate structures, equitableness of rates between different classes of consumers, savings realized through consolidations, and the like. This recommendation was adopted, and funds provided by the legislature to finance a bureau of research. On the recommendations of the investigators, funds were also provided for hearing deputies who might relieve the commissioners of a part of the time-consuming task of conducting long-drawn-out hearings on more or less minor cases. According to the suggestion of the commission, additional funds were voted for increasing the staff of the public service commission. With such increases and the appointment of new commissioners to two vacancies, it is reliably reported that the character of the administration has been markedly improved.

Of equal importance with the quality of administration is the scope of authority of the commission. As has already been pointed out, many gaps were discovered in the legislation under which the commission was operating. Because of its significance, and the amount of attention given to it both in the testimony of witnesses and the reports of the investigators, mention should first be made of the problem of valuation for rate-making pur-

poses. Apart from some of the witnesses representing the utility companies, there was unanimous agreement that the present methods of determining the base values of utility properties – with special reference to the factor of reproduction-cost new – were utterly unworkable and inordinately costly. The decisions of the Supreme Court on this subject were recognized as the chief stumblingblock to the development of a practicable method. Considerable space is devoted to this subject in the reports of the majority and the minority groups. Both recommended the adoption of the prudent investment policy for future investments under contracts with the utility companies. Both groups also stressed that there could be no effective regulation until some definite and acceptable scheme should be evolved.

As the legislature did not see fit to take any action on this subject, the public service commission has fallen back since 1930 on negotiations, or a bargaining policy, with the utilities. Although critics consider negotiations to be but an unsatisfactory makeshift and substitute for the definite determination of base values, it has served to bring about material rate reductions for the consumers of the state. According to the 1932 report of the commission, the savings to consumers realized through negotiations were in excess of \$12,000,000 per year. In spite of this commendable record negotiations fail to solve the valuation problem. Its solution waits upon affirmative action by the legislature and the approval of the courts.

The second major interest of the investigators concerned the relations between operating and holding companies. Because of the demonstrated domination of the latter over the former, far-reaching recommendations, which aimed to bring such relations under the control of the public service commission, were submitted to the legislature and enacted into law. This act was the first comprehensive measure passed by any state for the regula-

tion of affiliated companies in their dealings with parent companies. Its inadequacy has been proved by the commission's case against the Associated Gas and Electric system, and the fact that the commission, with the backing of Governor Lehman, has sought more drastic powers from the legislature.

The other recommendations of the investigating commission are almost too numerous to mention. Taken all together they constitute a full-length legislative program. Because of the concerted opposition of the utility companies and the influence which they wield in the legislative bodies, appropriate action has to this date, *i.e.*, four years after the report, failed to materialize in regard to some of the items.

Among the more important subjects covered in the recommendations, apart from those already noted, the following may be cited: systematic regulation of motor buses,\* water companies,\* small telephone corporations,\* and appliance sales; \* improving or strengthening the control over rate schedules, rate of return, depreciation accounting, capitalization security issues and short-term notes, grade-crossing elimination,\* consolidation and mergers, interstate transmission, rural electrification; \* devising methods whereby appeals from the commission's orders will be taken to the state, rather than the Federal courts; and the organization of power districts.

The above summary indicates that the 1929-30 investigating commission carried out the comprehensive mandate imposed on it by the legislature. Again the use of a legislative investigation, as a means of reviewing and reënforcing the activities of the regulatory body, was vindicated, and another milestone was reached in the development of the public control of the utilities.

\* Laws have been passed on these topics, embodying either in whole or in part the recommendations of the commission.

## PUBLIC OWNERSHIP

Public ownership has long been hailed as a substitute for regulation, or the possibility of public ownership as a means of improving the character of regulation. This policy has been frequently broached and widely discussed from time to time during the past fifty years, since the utilities became an important feature of community life.

In 1896 the Assembly committee investigating the street-railway system devoted a section of its report to this question. Ten years later a truly monumental study was made, under the auspices of the National Civic Federation, entitled *Municipal and Private Operation of Public Utilities*. In this survey, one of the three volumes is devoted to the various publicly owned and operated utilities in Great Britain where this movement had gained great momentum. Among the various plants covered in the United States, that of the Syracuse water department is the only one within the boundaries of New York State to be reported on.

On account of the high character of the committee conducting the survey, its comprehensive scope and the intensive methods followed, its conclusions carried considerable weight. Among the more significant are the following: (1) that public utilities should be carried on as monopolies; (2) that the success of municipal operation depends on the existence of a high capacity of governmental administration in the community; (3) that public ownership should be adopted only after a popular referendum; (4) that franchises should be terminable after a fixed period and meanwhile subject to purchase at a fair value; (5) that private companies should be subject to public regulation; and (6) that the question of public ownership is one of expediency, to be determined with reference to local conditions.

Doubts as to the success of regulatory processes, and dissatis-



faction with them, inevitably lead to a revival of interest in the possibilities of public ownership. It is accepted on all sides as the only possible substitute for regulation. The consideration of this subject has been kept more or less to the fore during the past ten or fifteen years through the active espousal of Governors Smith, Roosevelt and Lehman of the public development of the Saint Lawrence River as a major source of cheap power and a measuring rod for privately operated electric concerns. When such power is available, it is proposed that many municipalities may advantageously purchase it at the gateway to the city and distribute it under their own auspices, either by taking over the existing distributing system or by constructing a competing one. As a preliminary to this program, bills were introduced in the 1930 and 1934 sessions of the legislature, giving cities the authority necessary to have a local distributing system, on the basis of a referendum and without reference to the public service commission. This would abrogate the existing law, which requires that the approval of the public service commission be secured, in the form of a certificate of convenience and necessity, before any such action. Heretofore the commission has consistently set its face against competition between like utilities in the same area.

The ownership of utility enterprises by the municipalities is very widespread in the handling of waterworks; it is quite limited in the field of electrical plants, being restricted to small cities and villages; it is even more restricted in the telephone industry; and it is almost entirely lacking as regards gas works and local transportation, with the exception of New York City which owns and leases the subway system. This record goes to show that the people of the state have not been sufficiently dissatisfied with the scheme of regulation of private utility companies to take recourse to the alternative of public ownership.

The extent of public ownership in the state is indicated in the

following summary. In 1929 there were 376 municipal and 232 private water companies operating in New York State. In 1932 there were 51 publicly owned and operated electric plants in New York State. All but 6 of these plants were located in cities of 10,000 or less. Jamestown is the largest city, having a population of 45,000. There has been little change in the number of plants owned by municipalities within the past ten years, except for the disposal of 9 small lighting plants. There is but one public gas plant and one acetylene plant in the state. No record is available as to the number of publicly owned telephone companies. According to the commission on revision, there are a number of small farmer coöperative lines which are not run for profit, but these are not public companies in the usual sense of the term. The public ownership of docks and ferries goes back to the seventeenth and eighteenth centuries respectively in the city of New York. Mention may also be made of the state-owned and operated power houses on Crescent Dam and Vischer's Ferry. New York City also operates such bus lines, under the department of plants and structures, as do not compete with already established surface cars or buses. These data make it apparent that, apart from water services, the public-ownership movement has gained little headway in New York.

Under existing laws the commission has extensive authority over municipally owned plants, as for example, over accounting, reports, rates and service. Although the accounting systems of some of the small plants are not yet all that they should be, much progress has been made through the continuing pressure exerted by the commission. This observation applies as well to annual reporting. But the commission has given the management of the city-owned system almost complete freedom in the matters of service and rates, requiring only reports of proposed changes in the latter.

One of the major arguments for the public development of

the Saint Lawrence and similar large-scale projects has been that, through such undertakings, a measuring rod would be set up, whereby the economy of private operation might be judged. In the course of this controversy, much was made of the lower costs to consumers in Ontario, where a province-wide public scheme had been in operation for some years. Extensive data were marshaled, pro and con, on the success of the Ontario enterprise, particularly with reference to a comparison of average kilowatt-hour charges. A somewhat different approach was worked out in a book entitled *Electrical Utilities, the Crisis in Public Control*. Here consumers' bills for different quantities of electricity, delivered under like conditions, were compared for eight Ontario cities and eighteen New York State cities, similar in size and comparable in location with respect to Niagara Falls. With the exception of Jamestown, the New York cities were supplied with current by private plants. These comparisons were strikingly favorable to the Ontario public system.

In a public statement presented before the commission on revision of the public service commission laws, Floyd L. Carlisle argued the case, on the Ontario city rates versus the New York city rates, to prove the contention that the costs to the consumers in the private system would be lower than those in the Ontario system if taxes were eliminated for the private companies. His arguments were based on average kilowatt-hour costs. These arguments have been frequently advanced by advocates of the advantages of private ownership and management during the controversy that has broken out on numerous occasions in recent years.

The most authoritative recent study of the municipal ownership and operation of electrical plants in New York State is that of Frederick L. Bird, *The Management of Small Municipal Lighting Plants*. The author aims to give a comprehensive picture of the managerial, financing and rate policies of the fifty-

one municipal plants in the state. Comparisons of operating expenses, rate levels and the like are set forth as between public and private plants and systems. This is a critical survey and is based on extensive field observations, as well as an analysis of pertinent reports. Granting shortcomings of various sorts, Mr. Bird concludes that these public enterprises make a favorable showing, despite the fact that they are very small and mostly isolated units.

The controversy over this issue has been very much in the foreground since the recommendations made by the minority of the commission on revision. On the basis of these recommendations, bills were introduced authorizing municipalities to acquire existing systems or to construct competing ones, without reference to the public service commission, and also to organize power districts. The only preliminaries to such action would be a favorable referendum, and the possibility that the city concerned would be able to finance such an undertaking within the debt limits set by the statutes. These measures were not reported out of the legislative committees. Similar bills were introduced in the 1934 session, when the public utilities program of Governor Lehman was enacted into law.

It is generally recognized that the further extension of public ownership on any large scale hinges on the development of the proposed Saint Lawrence power project, referred to above, which has been kept in the foreground of public attention during recent years. The issue was sharply drawn between the Democratic governors, who favored development by the public, and the Republican-controlled legislature advocating leases to private concerns for a specified term of years. In order to determine the feasibility of public development, a power development commission, consisting of technically qualified and public-spirited men of unquestionable standing, was appointed by Governor Roosevelt. This commission was authorized to make



an engineering study of the proposed development, to estimate costs of construction, to propose methods of financing, and to pass upon the prospects of marketing the power when once generated.

After a thoroughgoing survey, the commission recommended that the state proceed to construct the plant at state expense, that it generate the power and dispose of it by satisfactory contracts with private transmission companies on a cost-plus basis or, in the absence of such contracts, that the state, through the proposed power authority, should undertake the responsibility for transmission itself. The program for financing should provide for amortizing the investment over a period of fifty years.

In the elaborate report of the commission, considerable space was devoted to the possibility of selling power to the municipalities, which it was thought, might undertake the task of distribution in the several localities, thus displacing the private companies. This line of argument prompted the commission to make a study of the success of the fifty-four municipalities which at the time were engaged in the public operation of lighting and power plants. Some space was devoted to comparisons concerning costs of generating and marketing current and charges to consumers, as between the private companies operating in New York State, the municipal companies, and the Ontario system. These data were included presumably to demonstrate the feasibility of successful public management of electrical undertakings.

To effectuate its recommendations, the commission advised the creation of a permanent "Power Authority of the State of New York," (1) to negotiate with the Federal and Canadian governments for the licenses and permits necessary to construct the proposed plant and care for the navigational features involved; (2) to be responsible for the construction and continuous operation of the plant itself, as well as its financing; and

(3) to negotiate contracts for the transmission and distribution of the power, whereby the interest and amortization charges, as well as operating expenses, would be amply provided for, and whereby minimum costs for current would be assured to consumers.

The recommendations for the establishment of a permanent power authority with appropriate powers were approved by the legislature and enacted into law in 1931. Since that time the New York Power Authority has entered into negotiations with the United States and Canadian governments for getting the project under way.

### CONCLUSION

As one looks back over the history of utility regulation in New York State, he is impressed with the fact that public control has had a checkered career. Progress has been made only by fits and starts. Good commissions have been followed by indifferent ones, some of whose members have fallen far short, both in qualifications and attitude, of defending the public interest. There has also been a chronic lack of funds to carry out adequately the manifold duties involved in regulating properties whose assets run into the billions. Furthermore, the commission's legal authority has rather consistently failed to keep pace with the developments in the rapidly expanding utility industries. Finally, with occasional notable exceptions, the commission has been all too prone to become absorbed in routine work and the handling of complaints, meanwhile neglecting to exercise the initiative with which it has been endowed for improving standards and correcting more or less obvious abuses. Despite these shortcomings, the New York commission has handled many aspects of its task in a most creditable manner. On its roster are found the names of a number of high-minded and public-spirited men who have devoted themselves without stint

to the duties of their position, duties which were in part insuperable because of the limitations set forth above. Owing to their efforts, the New York commission has, apart from occasional lapses, been recognized as one of the leading agencies of this sort throughout the country.

As suggested above, a major handicap has almost continuously been the lack of the commission's authority to keep in step with the utilities to be regulated. Utility companies, with huge investments at stake, have consistently sought to block progressive legislation designed to strengthen the hands of the regulatory bodies, both through bribery and through influence on local and state legislators and on the commissioners themselves. As recently as 1933, the chairman of the Republican state committee made the public charge that members of the legislature in his own party were in close touch with the utility companies. This was borne out by the publication of letters by the Federal Trade Commission alleged to have been exchanged between certain legislators and the Associated Gas and Electric Company. Although utility spokesmen make much of the fact that theirs is a regulated industry, any proposal for bolstering up regulation, however warranted it may be under the circumstances, meets with concerted and well-organized opposition on their part. However valuable the privileges with which the companies are endowed through public grants and however committed they are to a policy of charging the lowest possible rates consistent with a fair return, the public utilities, by and large and in the long run, are probably the most lucrative businesses in the state. As one of the leading magnates so frankly and truly stated, the amounts of actual investment have nothing to do with the "fair value" and thus with the returns to which the investors are entitled. The fair-value doctrine has not alone literally maimed public service commissions, it has also opened wide the gates to the uncontrolled watering of stocks and to

unrestrained speculation. If values were limited to amounts invested, present capital structures would collapse.

The next most important means of public exploitation is the holding-company device. Holding companies have undoubtedly contributed toward a better integration of public-utility properties and economies of management and financing, but they have taken heavy toll for these efforts and profited quite out of proportion to their contributions. This is less true of the Niagara Hudson Company, the dominant holding company in the state, than of others. It was one of the first companies of this type in the country to adopt the policy of serving its subsidiaries at cost. Nevertheless, the unlimited control of operating-company officials is now concentrated in the hands of holding company officials, who are themselves not subject to adequate control. As has been pointed out, one of them, the Associated Gas and Electric Company, does not hesitate to defy the authority of the commission, while all of them join forces against efforts to strengthen the commission's hand. It must be apparent that so long as those in actual control are not subject to comprehensive and systematic public supervision, regulation exists in name rather than in fact.

The experience with utilities during the past twenty-five or thirty years goes to show that regulatory processes cannot be static. As managerial policies change, as centers of control shift, so must the processes of regulation and the powers of regulatory bodies move forward. The argument that the regulators must not interfere with the managerial discretion of the companies is inconclusive and illogical. Any regulation is interference with managerial discretion. The powers of the Interstate Commerce Commission indicate that the only limit to such interference is actual public management. So long as company managers seek to block, avoid and evade regulation, efforts will be made to tighten the cords binding managerial initiative. In theory, the



public utilities are *public services*, and by this token utility officials partake of the character of public servants. They enjoy vast public privileges; they have, however, no privileges in their own right, but only on public sufferance. With the recent passage of municipal-ownership bills, with the impending development of the Saint Lawrence project under the auspices of the state, in the interest of a consuming public, and with the probable authorization of Federal commissions to supervise interstate operations, it is not unlikely that a new chapter in the regulation and management of the utilities is opening up.

In closing this account we can best quote a statement made by Senator Thompson, the chairman of the 1915 investigating committee. Despite the progress made in the intervening years, it is still valid. The statement runs: "While the experiment of regulation and supervision tried has not justified expectations, the policy of regulation and supervision has not had a fair trial."

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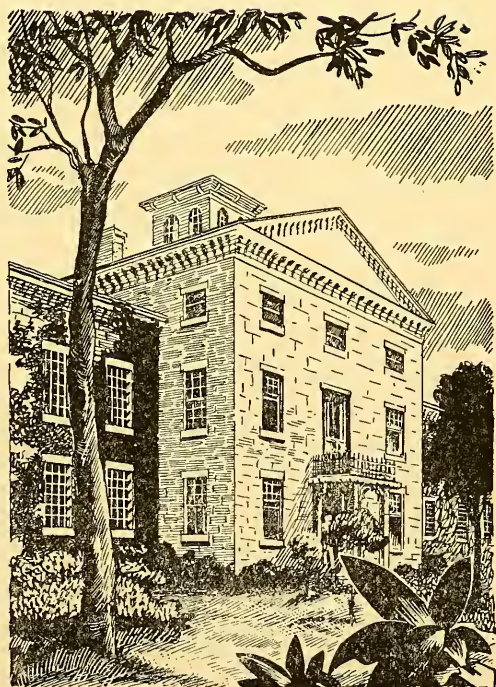
# THE RISE OF HUMANE INSTITUTIONS

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# THE RISE OF HUMANE INSTITUTIONS

## INTRODUCTION

THE last half of the eighteenth century ushered in an era of social revolution destined to alter the character of western civilization. In its economic aspect, this revolution represented a transition from the feudal order to a dominantly industrial society. This change was reflected politically by the decline of the aristocracy and the rise to power of the bourgeois class, with a corresponding development of democratic ideals and institutions.

The American Revolution, itself an expression of these varied forces working in a common direction, served as a tremendous liberating agency for reform movements of all kinds. The tenets of many of these reforms had been enunciated earlier, but they remained theories until the objective conditions necessary for their realization were sufficiently ripe for them to be put into practice. The Revolution, with its aura of newness, experimentation and change, provided a necessary open-sesame. In this New World, seeds of progress that had first sprung into being in the Old World found fertile soil for growth, and frequently reached their fullest development here.

Between the reformers of the new nation and the humanitarians of Europe there was a free and constant interchange of ideas, remarkable in view of the limited means of communication at the time. Through personal contact, exchange of publications, and, most important of all, a voluminous stream of correspondence, the former were enabled to keep abreast of the latest developments in other sections of the world, particularly Great Britain. In the significant words of Samuel Knapp, the friend and biographer of Thomas Eddy, young New York's leading reformer, "America has been so intimately connected with England in science and letters that all that was done in that country

was soon known in this, and has generally been imitated when found to be good." New York was advantageously situated, geographically and commercially, for the reception of innovations from the mother country. The neighboring state of Pennsylvania, too, as we shall see, provided New York with a good portion of its reform patterns, particularly in the field of penology.

It was in this atmosphere that the early humane institutions in New York State were given birth; it is only against this general background that they can be properly understood.

For purposes of convenience, we have divided humane institutions into two kinds—correctional and charitable. The division is, of course, an arbitrary one, since there is no clear-cut line of demarcation between them. The development of juvenile reformatories, for example, properly belongs to both categories; so likewise does the treatment of border-line classes, such as vagrants. In tracing the development of humane institutions after the Revolution, we find charities progressing less rapidly than correction at first, but once under way advancing at a faster rate than the latter.

In the rise of those early institutions, three trends are discernible: (1) the building of institutions for the care and confinement of dependents and delinquents hitherto provided for by noninstitutional methods, where, at first, were herded all sorts and conditions of men, women and children with little or no discrimination; (2) the differentiation of institutions for the custody and care of special classes of dependents and delinquents; and (3) the first steps toward classification of inmates within these institutions.

#### CORRECTION

During the colonial period, there were two types of correctional institutions in New York, jails and workhouses, the com-

bination of which later produced the modern prison. The jails were chiefly used for the detention of accused persons pending trial and for the confinement of debtors. They were rarely employed for the incarceration of what were then regarded as the criminal classes. At each session of the court, there occurred what was called a "gaol delivery," when the jail was practically emptied of all its inmates save the debtors, to be filled again during the interval between the delivery and the next session of the court. Besides the debtors, only political and religious offenders and the few criminals who had received the rare penalty of imprisonment remained in the jails or prisons longer than the period which elapsed between successive sessions of the courts. The workhouses in colonial New York had a varied and somewhat ambiguous rôle. They were not originally penal institutions in any true sense, but were used mainly to repress vagrants, petty offenders and paupers, and were not open for the reception of felons.

Imprisonment for felonies was rare, the penalty for such crimes being usually death or corporal punishment. Until 1796, there were numerous crimes punishable by death in New York State. Instruments of corporal punishment were at hand for most of those convicted of lesser offenses: the branding iron, ear-cropping shears, the whipping post, the pillory, and the stocks, which were usually located conveniently close to the courthouse so that little time intervened between the sentence and its execution.

Thus matters stood until the last quarter of the eighteenth century, when a new era in penology was introduced, featured by a transition from corporal and capital punishment to imprisonment. Two sets of influences constituted the historical background of the reform of the criminal law in early New York: (1) the general forces making for reform and progress of all kinds in the late eighteenth century, and (2) the specific at-

tempts to reform criminal jurisprudence and penal administration during the same period.

The plight of poor debtors at the time was a most desperate one. Should a man fall in debt for however insignificant a sum, and then find himself unable to repay it, he immediately fell slave to his creditor's whim, for the irrational, inhuman laws of the time permitted the latter to throw his impoverished victim into jail at will. There he was frequently confined for periods of many years, until the debt was paid or the creditor relented. With little modification, the observation of Voltaire could be applied to the situation in New York: "If a poor fellow cannot readily pay a little money when his hands are at liberty, the better to enable him to do it, they load him with handcuffs."

No public provision was made for food or fuel for the debtors imprisoned, who were forced to throw themselves on the bounty of sympathetic groups and individuals. Periodic appeals for contributions of food, clothing, etc., were made through the newspapers and other agencies, and it was not unusual to find an advertisement in a contemporary journal in which the debtors fervently expressed their gratitude to the public for preserving them "from perishing in a dreary prison from hunger and cold."

It has been estimated that upward of 10,000 were annually incarcerated in the jails throughout the state for debts averaging no more than \$15.

These conditions led to the first significant step in correctional reform, the founding in 1787 of the Society for the Relief of Distressed Debtors in New York City, modeled after an organization which had existed in Philadelphia since 1776. This society purposed to alleviate distress by arranging for the systematic provision of necessities and by paying off debts of those incarcerated for small sums. Its membership included a number of eminent humanitarians, among them being Thomas Eddy,



one of the foremost figures both in New York penal reform and in social reform as a whole.

Eddy was known to his contemporaries, with justification, as the "John Howard of America." There was hardly a forward movement of his time which did not find him in the vanguard. Born in Philadelphia of Quaker parents, Eddy had migrated to New York and there established a business which made him moderately wealthy. He was typical of the progressive nucleus of Quakers which practically dominated reform activities in the central-eastern states in the early American period. He combined to a remarkable degree an aggressive idealism with an abundance of concrete realism in the application of his principles. Orlando F. Lewis, historian of early American penology, says of him:

Eddy was a most diligent student of penal principles. His own philosophy was based upon Beccaria, Montesquieu, Penn, Howard and other writers. He sought a system of penal treatment that would be both disciplinary and humane.

Associated with him in the matter of prison reform were Philip Schuyler (1733-1804), soldier and statesman; Ambrose Spencer (1765-1848), legislator and jurist; De Witt Clinton (1769-1828), statesman and scholar; and John Griscom (1774-1852), scholar and philanthropist.

It was but natural that the attention of the New York humanitarians should be attracted to the innovations in social reform in Philadelphia, the main scene of the progressive activities of the Society of Friends, and the city in closest communication with England. The Philadelphia group, led by men like Benjamin Rush, Benjamin Franklin and Robert S. Vaux, had spared no pains in spreading information about its reform programs. Its influence on developments in New York is readily discernible.

In 1794 Eddy and General Schuyler visited Philadelphia, were received by the Philadelphia Society for Alleviating the Miseries of Public Prisons, apprised of the recent reforms achieved in the criminal code and prison administration of Pennsylvania, and were shown what then seemed the highly successful new system in operation in the Walnut Street jail. There chains and corporal punishment had been abolished in 1790, and solitary confinement, nominal wages, classification and an incipient honor system had been introduced. This Walnut Street jail became a model for many American penitentiaries for decades.

Study and further reflection convinced the two visitors from New York that Pennsylvania had provided the desirable reform pattern for New York to emulate. Aided by the legal sagacity of Ambrose Spencer and the political support of Governor Jay, they introduced a bill in the New York legislature, designed to reduce the list of capital crimes to murder and treason, to substitute imprisonment for corporal punishment in the case of noncapital crimes, and to provide for the erection of two state penitentiaries, one at Albany and one in New York City. This bill was passed by the legislature March 26, 1796. Only one of the two prisons contemplated in the law was erected, the so-called Newgate Prison. This was built in Greenwich Village in New York City, about a block from what is now the Christopher Street ferry. It was placed under the direction of a commission consisting of Matthew Clarkson, John Murray, Jr., John Watt, Thomas Eddy and Isaac Stoutenburgh, and opened for the reception of inmates on November 28, 1797.

The structure covered some four acres of land and was surrounded by high and thick walls. There were two main buildings, one for the administration and the prisoners, and the other for workshops. There were in all 54 rooms for the prisoners, each 12 by 18 feet, and designed to hold 8 prisoners. Mr. Eddy supervised the building of the prison and became its first warden.

Almost immediately, he became convinced that he had made a mistake in building a congregate type of institution, such as had characterized American prison architecture before the rise of the system of solitary confinement. He bemoaned the fact that he had not built 500 rooms, each 7 by 9 feet, to keep the prisoners separate by night.

The Newgate Prison had a short and sad history. The congregate method of confining prisoners made it very difficult to carry out any effective classification and discipline. Industrial operations, including boot and shoemaking, blacksmithing, carpentry, weaving and tailoring, were introduced, but after four years of operation the institution was unable to meet its operating expenses. Interestingly enough, a crude system of convict pay was introduced, each prisoner being given his net earnings upon release, if the prison authorities thought he would make good use of them. The prison in a short time was unable to accommodate comfortably those sentenced to servitude within its walls and became horribly overcrowded.

The situation was so intolerable that on April 12, 1816, a law was passed authorizing the erection of a new state prison at Auburn in Cayuga County, and a commission consisting of Elijah Miller, James Glover and John H. Beach was appointed to direct operations. They were authorized "to build a state prison similar to the one now in use in the City of New York with such variations as they think will best promote the interest of such institution." The immediate control of building operations was handed over to William Brittin, a carpenter by trade and the first warden of the institution.

The prison, as completed, occupied grounds, 500 feet on each side, enclosed by a wall 2,000 feet long, 30 feet high and 4 feet thick at the base. The front of the building measured 280 feet and each wing was 240 feet long by 45 feet deep. A dormitory for the warden and his family was constructed in the middle of

the main building. There were 770 individual cells. The total cost was \$300,000.

The evils of the congregate system of confinement do not appear to have been fully grasped in New York State even then, for the first wing of the new structure at Auburn, the south wing, was erected with both double cells and large rooms or apartments capable of receiving ten or more convicts in each.

By 1819, the influence of the sentiment for solitary confinement had become dominant, and an act was passed on April 2 of that year directing the inspectors to confine certain classes of prisoners in separate cells and to construct the north wing according to the principle of the solitary confinement of each prisoner. The outside cell construction, later adopted in the Eastern Penitentiary of Pennsylvania, was not employed, but rather what came to be known as the Auburn, or inside cell, method of construction. After consultation with the Pennsylvania exponents of the system of solitary confinement, the New York reformers succeeded in securing the act of April 2, 1821, directing the prison inspectors to select a number of the "oldest and most heinous offenders" and put them in solitary confinement, with the object of observing its disciplinary effects. A second class was to be put in separate cells for three days each week, while the younger offenders were to be allowed to work together in the shops six days each week. In 1821, eighty convicts were awarded, as a Christmas present, the privilege of furnishing the material for this experiment in prison discipline and administration.

The method employed was not what was to become a few years later the developed Pennsylvania system of solitary confinement at hard labor, in two large roomy cells and a small outside yard. It was solitary confinement in a single small inside cell, without any labor or other adequate provisions for physical exercise. The experiment continued during the years



1822 and 1823, and it is not surprising that it led to a marked prevalence of sickness and insanity on the part of the convicts in solitary confinement, and proved a hopeless failure. It should be remembered, however, that this crude experiment throws little light upon the disciplinary and reformatory potentialities of the perfected Pennsylvania system.

The collapse of the experiment with solitary confinement at Auburn led to the complete abandonment of this type of discipline. In 1823 and 1824 a committee, consisting of Stephen Allen, Samuel M. Hopkins and George Tibbits, reported that nothing more could be hoped for from this type of procedure. The committee summarized their opinion as follows:

A majority of the Board respectfully recommend to the Legislature the repeal of the laws for solitary confinement, in connection with the full adoption of an effectual government and discipline; and a majority of us would not recommend the same as a separate measure, nor in any case except in connection with such effective system of government and discipline.

In the meantime the local prison authorities at Auburn had been working out a disciplinary and administrative scheme which was destined to become one of great historic significance – the Auburn system of congregate work by day and separation by night, with enforced silence at all times. Warden Brittin died in 1821 and his place was taken by Capt. Elam Lynds, who, with his deputy and architect, John Cray, and with the encouragement of Gershom Powers, of the board of inspectors, worked out the new plan. The weight of evidence seems to warrant assigning the credit for originating and applying the new system of discipline to John Cray.

Certainly the four main personalities associated with the origin of the Auburn system are William Brittin, John Cray, Elam Lynds and Gershom Powers. The last-named succeeded

as warden, when Lynds was transferred to Mount Pleasant (Sing Sing) prison.

The old system of congregate confinement having proved a failure and the alternative procedure of solitary confinement as applied at Auburn appearing likewise to promise nothing better, a compromise was reached between the two plans. The prisoners were allowed to work in groups in the prison shops and yards during the day, and were then locked singly in separate cells by night. Silence was enforced at all times, and discipline maintained by such devices as the lock step, special regulations in the dining hall, and the undeniable severity of Warden Lynds in his employment of whipping as a means of preserving order and securing obedience.

One of the main reasons for the popularity of the Auburn system was its superior adaptability to economic operations. It permitted, while the Pennsylvania system did not, work in congregate shops with machinery. From the beginning prison labor was relatively profitable. The contract system was legalized in 1821, and introduced as a permanent feature in 1828. The main industries were cooperage, boot and shoemaking, weaving, tailoring and tool-making. In 1828 the prison earnings came within \$1,000 of equaling the total disbursements of \$35,000.

Louis Dwight, the most powerful champion that the Auburn system ever had, describes in the following manner the operation of the new system. It is both an eloquent defense of this type of discipline and an excellent proof of the great transformation in the disciplinary and administrative ideals held by prison reformers between 1826 and today:

At Auburn we have a more beautiful example still of what may be done by proper discipline, in a prison well constructed. It is not possible to describe the pleasure which we feel in contemplating this noble institution, after wading through the fraud, and the material and moral filth of many prisons. We regard it as a model worthy of the world's imitation. We do not mean that there is nothing in this

institution which admits of improvement; for there have been a few cases of unjustifiable severity in punishments; but upon the whole, the institution is immensely elevated above the old penitentiaries.

The whole establishment, from the gate to the sewer, is a specimen of neatness. The unremitted industry, the entire subordination and subdued feeling of the convicts, has probably no parallel among an equal number of criminals. In their solitary cells they spend the night, with no other book but their Bible, and at sunrise they proceed, in military order, under the eye of the turnkeys, in solid columns, with the lock march, to their work-shops; thence, in the same order, at the hour of breakfast, to the common hall, where they partake of their wholesome and frugal meal in silence. Not even a whisper is heard; though the silence is such that a whisper might be heard through the whole apartment. The convicts are seated, in single file, at narrow tables, with their backs towards the center, so that there can be no interchange of signs. If one has more food than he wants, he raises his left hand; and if another has less, he raises his right hand, and the waiter changes it. When they have done eating, at the ringing of a little bell, of the softest sound, they rise from the table, form the solid columns, and return, under the eye of the turnkeys, to the workshops. From one end of the shops to the other, it is the testimony of many witnesses, that they have passed more than three hundred convicts, without seeing one leave his work, or turn his head to gaze at them. There is the most perfect attention to business from morning till night, interrupted only by the time necessary to dine, and never by the fact that the whole body of prisoners have done their tasks, and the time is now their own, and they can do as they please. At the close of the day, a little before sunset, the work is all laid aside at once, and the convicts return, in military order, to the solitary cells, where they partake of the frugal meal, which they were permitted to take from the shops. After supper, they can, if they choose, read Scripture undisturbed and then reflect in silence on the errors of their lives. They must not disturb their fellow prisoners by even a whisper.

When one reflects that this eulogy was passed by the man who was probably the foremost prison reformer of his day, one can

discern the progress marked by Thomas Mott Osborne and his Mutual Welfare League about a century later. Certain details indicate the bleak and brutal character of prison life at the time. For breakfast the prisoners had cold meat, bread, cold hominy, hot potato and a pint of rye coffee sweetened with molasses. For dinner they had soup from meat broth thickened with Indian meal, meat, bread and potato. For supper they had hominy and molasses or bread and tea. Sunday was a long and gloomy day. The prisoner had to sit alone in his cell of less than 200 cubic feet, with nothing to read save the Bible. He could, of course, go to church in the prison. Flogging was frequent and severe, Warden Lynds setting the example in ferocity for his subordinates. The judges of the time encouraged the brutal whippings as a necessary part of the discipline. No communication was allowed with the outside world. The convict could not write to friends or relatives nor receive any letters from them. He could not be visited, save as his relatives might come through the prison along with other curious persons. This did no good, however, since the prisoners were forbidden, under penalty of severe whipping, to look up from their work at any visitor. Dr. Lewis remarks that he visited the prison in 1910 and found much the same rigor, gloom and solemnity which was praised in the days of Lynds and Dwight. This enables one to understand the vast revolution embodied in Osborne's innovations three years afterwards.

About the time that the Auburn system was emerging into practice, the legislature, by an act of March 7, 1825, authorized the erection of another state prison near New York City, finally to displace the Newgate Prison in Greenwich Village. The building commission was composed of Stephen Allen, George Tibbits and Samuel M. Hopkins, who had recommended the erection of an additional prison in their famous report of 1825 on the state prison system in New York. This new state prison was built



in the three following years under the direction of Captain Lynds, and in May, 1828, was ready for occupancy. Christened at first the Mount Pleasant Prison, it has come to be known in our day as the Sing Sing institution. The site chosen for the prison, on the banks of the Hudson River, was a very poor one, owing to the dampness and fogs. The unhealthy character of the situation was remarked and condemned by most of the foreign visitors. For this reason, it is amazing to find that those who picked out the site at the water's edge justified their selection in part "for reason of health." Like the Western Penitentiary of Pennsylvania, Sing Sing was an architectural and hygienic tragedy from the day its gates were opened. The Sing Sing institution was operated from the beginning according to the Auburn system of penal discipline. It gained note nearly a century after its opening by being the scene of Thomas Mott Osborne's experiments with convict self-government in the Mutual Welfare League.

#### PROGRESS OF CLASSIFICATION

Despite the gross evils it brought in its train, the establishment of the state prison system marked a step forward in classification, separating felons from vagrants and other lesser offenders, who were in turn indiscriminately herded in the bridewells, county jails and workhouses. Attempts at a more scientific segregation of convicts were at best half-hearted at the turn of the nineteenth century. In a report on the penitentiary system of the United States published as late as 1822, it is noted that

there is an entire want of satisfaction, if we except the division of convicts into sexes. Men and women are kept separately, and here the rule of discrimination stops. . . . We know of no prison in the United States, where the convicts are divided into separate classes, and kept in classes, with reference to their own good. When once placed within the precincts of the penitentiary, the grade of the offense,

the age, the disposition, the indication of repentance, or the hardihood are all forgotten, and they comprise one great aggregate of offenders.

The plight of the young children incarcerated in the prisons of New York presented a particularly shocking situation. Appalled by the not infrequent spectacle of children of eight and nine years of age sharing the same cells with hardened criminals, enlightened men of the period raised a clamor for the separation of juvenile and adult offenders. This agitation resulted, in 1824, in the establishment of the House of Refuge for the Reformation of Juvenile Delinquents in the City of New York, the first reformatory in America. To the Society for the Prevention of Pauperism in the City of New York belongs the major share of credit for this great advance in penal history. It was the society's inquiries into the causes and extent of pauperism, and its prevention and amelioration, to be described below, which led it to a study of crime as a cause of pauperism. The committees of inquiry soon came to the conclusion that a large portion of the pauper population was made up of persons who, in childhood, had been "led astray from the path of virtue and tempted into a life of crime that had dragged them down steadily to degradation." Children thrust into prison, they reasoned, were forced into unhealthy companionships. The prisons were nurseries of crimes whence juvenile convicts, influenced by the evil examples and teachings of older and more hardened cell mates, returned to the outer world as enemies or burdens of society, either preying upon it, or leaning on its charitable bounty. Hence separation of juvenile and adult offenders in penal institutions was a prime requisite to the prevention of pauperism. The pursuit of this desideratum gradually assumed a major part of the society's activities, and within a few years became its all-absorbing work. Among the founders of the organization were Thomas Eddy, John Pintard, Isaac Collins and John Griscom. The last was particularly active, being largely instrumental in turning the

society toward child-saving as a preventive of destitution. His extensive knowledge of the work of the children's aid societies in foreign countries was to prove invaluable in the establishment of the New York House of Refuge. In the years 1818 and 1819, he had made an extended tour of Europe, and had, like many of his fellow Quakers, displayed special interest in the various types of humanitarian agencies abroad. One that attracted particular notice was an institution in London, managed by the Philanthropic Society there, the object of which, as recorded in Griscom's journal of his travels (1818), was

to afford asylum to the children of convicts, and those who are trained to vicious courses, public plunder, infamy and ruin. It is the peculiar distinction of this Society that they seek for children in the nurseries of vice and iniquity, in order to draw them away from farther contamination, and to bring them up to useful purposes of life.

Those to whom the society ministered were drawn from the prisons, bridewells and courts, and ranged in age from eight to twelve when taken under its care. An elementary education was imparted to the inmates, and trades were taught them, principally printing, shoemaking, bookbinding, and rope and twine-making. The more promising among them were apprenticed to tradesmen.

The work of this organization seems to have greatly impressed Griscom, who communicated his observations to his friends upon his return home. His words weighed heavily with the members of the Society for the Prevention of Pauperism, for in their annual report for 1819 they point to the defect of the penitentiary system and voice the necessity for immediate reform:

With convicts whose hearts are seared to remorse and penitence we place those novices in guilt—those unfortunate children from ten to eighteen years of age, who, from neglect of parents, from idleness

and misfortune have never had a sense of morality . . . and is this a place of *reform*? No! . . . Shall we send convicts in the morning of life, . . . to this unhallowed abode to be taught in all the requisites that will enable them to come forth, when their term of imprisonment expires, more prepared to invade the peace of cities and communities?

In the foregoing passage, we have an interesting indication of the fact that the society, from its original inquiry into crime as a cause of pauperism, had been led to the recognition of pauperism as a cause of crime. The society commenced to carry on minute inquiries into the state of imprisoned children, and in its report of the following year reveals that, of 220 male convicts in the Bellevue Penitentiary in New York, there were no less than 30 boys between the ages of 10 and 16 years. "Under the present state of things," the report states, "the penitentiary cannot but be a fruitful source of pauperism—a nursery of new vices and crimes—a college for the perfection of adepts in guilt."

A partial remedy for this situation was attempted through the simple expedient of having the young offenders placed in cells apart from the older ones, and giving them some instruction, by a teacher who was himself a convict. The inadequacy of this plan soon becoming obvious, the next logical suggestion was to have the boys incarcerated in a separate building to be erected within the penitentiary wall. This plan was championed by Cadwallader D. Colden, mayor of New York. The managers of the society were in agreement with him, suggesting, in their report of 1820, that "a building could be erected within the precincts of the penitentiary, and moral, religious and elementary instruction afforded."

But despite the fact that this suggestion marked a step forward, a major problem still remained: namely, that of erasing the stigma of prison incarceration involved in the placing of children in penitentiaries. A more drastic solution for this vexing problem was needed—an asylum devoted exclusively to the



custody of juvenile offenders. It was inevitable that the activities of the Society for the Prevention of Pauperism should soon lead to such a goal.

In 1822, the society published an important report of a committee of investigation into the penitentiary system of the country, which concluded with the recommendation that "prisons be erected . . . exclusively for juvenile convicts." Such institutions, the committee thought, should not serve as places of punishment; they should be, rather, schools for instruction, with reformation and future usefulness as the end in view. The discipline should be "severe and unchanging, but alike calculated to subdue and conciliate."

The society, now prepared for concrete action, appointed a committee headed by James W. Gerard, to inquire into the feasibility of erecting such an institution. This committee presented a forceful recommendation, in 1823, for a "House of Refuge for juvenile delinquents," which was obviously inspired by a similar institution erected by the London Society for the Improvement of Prison Discipline and the Reformation of Juvenile Offenders, a description of which appeared in a report published in 1821. Professor Griscom was then commissioned to draw up designs for the institution; these he executed after a model suggested by the London group.

At a meeting of public-spirited citizens held toward the close of 1823, the project was set forward and enthusiastically indorsed; and a Society for the Reformation of Juvenile Delinquents in the City of New York was formed, with which the Society for the Prevention of Pauperism was merged. Private subscriptions were raised, to the amount of \$18,000; a site was selected at Bloomingdale and Old Post Roads (the present Madison Square) where stood a Federal arsenal leased to the society by the government. Here, on January 1, 1825, the House of Refuge for juvenile delinquents opened its doors to receive, with

great ceremony, the first inmates, "nine poor little outcasts from society, three boys and six girls, clothed in rags, with squalid countenances." This reformatory was the first of its kind in America. It was followed by similar institutions in Boston in 1826 and in Philadelphia in 1828.

The location, north of the centre of the city, had been chosen in the hope that a century of municipal expansion would not disturb it. The rapid growth of the city soon hemmed it in, however, and the institution was removed to new sites twice thereafter—to Twenty-third Street at the foot of East River in 1840, and thence to Randall's Island in 1854, where it has since remained.

Although hailed by Governor De Witt Clinton as "perhaps the best penitentiary institution ever devised by the wit, and established by the beneficence of man," and recognized today as a revolutionary step in penal history, we can now discern its serious shortcomings. An examination of the regimen of the institution, following the brief administration of Joseph Curtis, indicates that it might have been ideal for turning out perfect little automatons. We read in an early report that:

The domestic rules and regulations are: At sunrise, the children are warned, by the ringing of a bell, to rise from their beds. Each child makes its own bed, and steps forth on a signal, into the Hall. They then proceed, in perfect order to the Wash Room. Thence they are marched to parade in the yard, and undergo an examination as to their dress and cleanliness; after which, they attend morning prayer. The morning school then commences, where they are occupied in summer until 7 o'clock. A short intermission is allowed, when the bell rings for breakfast; after which, they proceed to their respective workshops, where they labor until 12 o'clock, when they are called from work, and one hour allowed them for washing and eating dinner. At 1, they again commence work and continue at it until 5 in the afternoon . . . half an hour is allowed for washing and eating their

supper, and at half past five, they are conducted to the school room where they continue at their studies until 8 o'clock. Evening prayer is performed by the superintendent; after which, the children are conducted to their dormitories which they enter, and are locked up for the night, when perfect silence reigns throughout the establishment. The foregoing is the history of a single day and will answer for every day in the year, except Sundays, with slight variations during stormy weather and the short days in winter.

The first crude attempts at classification are revealed in the rules and regulations of the reformatory for 1832, which provides for four classes of inmates:

Class No. 1 shall include the best behaved and most orderly Boys and Girls: those who do not swear, lie, or use profane, obscene, or indecent language or conversation, who attend to their work and studies, are not quarrelsome, and have not attempted to escape.

Class No. 2. Those who are next best, but who are not quite free from all the foregoing vices and practices.

Class No. 3. Those who are more immoral in conduct than Class No. 2.

Class No. 4. Those who are vicious, bad, and wicked.

The society was empowered to receive into the institution all children committed as vagrants or convicted of criminal offenses in the city of New York, or otherwise adjudged, by the courts, by police magistrates, or by the commissioners of the almshouse and bridewell, proper objects of the society's care. The managers were given full parental rights over their charges; control of the institution was entirely vested in them, and they had the power to bind out the minor inmates at will. A unique feature of the House of Refuge lies in the fact that the laws subjected to its discipline destitute children endangered by their environment, previous to their having committed any crime, implying recognition of the need for prevention as well as reformation.

It was originally intended to limit the scope of the institution to New York City, but a legislative act of 1826 provided that the House of Refuge should receive "all such children as shall be convicted of criminal offenses in any city or county of the State as may in the judgment of the court be deemed proper objects." The state legislature had, in 1825, passed an appropriation of \$2,000 annually for the support of the institution, a subsidy which was increased with the years until it came to be entirely supported by state funds. The administration and control of the House of Refuge, however, remained in the hands of the Board of Managers of the Society for the Reformation of Juvenile Delinquents for more than a hundred years. During this present year (1935), the House of Refuge has been finally abandoned. Boys under sixteen who would have come under its care formerly are now sent to the State Training School for Boys at Warwick, opened in 1932; while those from sixteen to nineteen are sent to the New York State Vocational Institute at Cox-sackie, opened in 1935.

The New York House of Refuge was the sole juvenile reformatory in the state until 1849, the date of opening of the Western House of Refuge for Juvenile Delinquents at Rochester (the present State Agricultural and Industrial School, now situated at Industry), which thereafter was to receive delinquents from specified counties in western New York.

The latter half of the nineteenth century and the early years of the twentieth witnessed the establishment of sectarian reformatories for juveniles, such as the Catholic Protectory in New York (1863) and the Jewish Protectory at Hawthorne (1902).

#### ADULT REFORMATORIES: ELMIRA

Thomas Eddy, in a letter dated 1823 and addressed to Stephen Allen, then mayor of New York City, wrote:



If the true end of punishment be sought for, other motives and feelings, besides those which are produced by terror, must be brought into action. . . . To render the penal institutions of the country effective . . . the *reformation* of the criminal should be regarded as an indispensable object of prison discipline. . . . To reclaim the vicious is not merely the interest, but the duty of society.

However short of perfection his own rather severe ideals of reformation were, he clearly saw the need for sorting out first offenders and other classes amenable to reclamation, from the hardened "irreclaimables," and locating them separately where special efforts at reformation might be made.

The establishment of the New York House of Refuge, with the inclusion of the term "Reformation" in its full title, had marked a historic point in American penology. It was a long time, however, before this aspiration was adequately realized in the treatment of adult offenders. It was only achieved, and then imperfectly, in the Elmira Reformatory system introduced into New York State following 1870.

A number of significant currents of reform in penology converged in producing this system. An important element was contributed by the new methods of prison discipline introduced in the British penal colony in Australia by Capt. Alexander Maconochie, who suggested an epoch-making improvement by eliminating the old flat-time sentence and initiating the practice of commutation for good behavior. Every convict, according to the seriousness of his offense, instead of being sentenced to a given term of years, had a certain number of marks set against him which he had to redeem before he was liberated. These marks were to be earned by deportment, labor and study, and the more rapidly they were acquired the more speedy the release.

At about the same time the notion of an indeterminate-time sentence, with its supplement, a parole system, was being effectively advocated by penal reformers in Europe. Maconochie's

system of determining the period of incarceration upon the basis of the convict's behavior was combined with a notion of the indeterminate sentence and parole in the famous Irish system of prison administration, which was introduced by Sir Walter Crofton in the decade following 1853. To these earlier progressive innovations he added the practice of classifying convicts in graded groups, through which each convict had to pass before obtaining his freedom on parole, his advancement being determined by his conduct.

The notion of productive and instructive prison labor, which goes back to the Pennsylvania Quakers, was also developed by a number of progressive penologists during the second quarter of the nineteenth century, especially Montesinos in Spain and Obermaier in Bavaria. These innovations attracted the attention of the leading American reformers, among them being Theodore W. Dwight and E. C. Wines of the New York Prison Association, and Z. R. Brockway, superintendent of the Detroit House of Correction.

These men prepared able, vigorous and widely read public reports or private monographs, urging the adoption of these advanced methods in the American prison system, but they were able to secure the introduction of these innovations only for the treatment of younger first offenders. A law authorizing the creation of an institution for these types at Elmira was passed in 1869, and the institution was opened in 1876, with Mr. Brockway as its first superintendent. A reasonable approximation to the principle of the indeterminate sentence was secured, and the inmates were divided into classes or grades through which they might progress to ultimate parole by virtue of good conduct, if they did not desire to remain in the institution for the maximum sentence.

The great advance which the Irish and Elmira systems marked over the Pennsylvania and Auburn systems consisted in the fact

that in these later types of penal discipline the term of incarceration was at least roughly made to depend upon the observable progress made by the prisoner on the road to ultimate reformation. It was thus a system which chiefly stressed reformation rather than either retaliation or deterrence.

As far as its application to the United States is concerned, however, even this method of discipline possessed serious and grave defects. In the first place, it was scarcely, if at all, introduced into the prisons which confined the adult offenders, thus neglecting the great bulk of the prison population. In the second place, while it was based primarily upon the idea of bringing about the reformation of the convicts, it failed signally to provide the right sort of psychological surroundings to expedite this process. The whole system of discipline was repressive, with evidence of tyrannical cruelty in many cases.

There was little, if any, grasp of that fundamental fact which is basic in the newer penology, namely, that a prisoner can be fitted for a life of freedom only by some training in a social environment which bears some fair resemblance in point of liberty and responsibility to that into which he must enter upon obtaining release. There was no wide acceptance of the present position that the general body of delinquents cannot be treated as a single unified group. There was no general understanding that criminals must be dealt with as individuals, or as a number of classes of individuals, of different psychological and biological types.

The Elmira system was unquestionably a real step forward a half century ago, but it has until very recently been almost as archaic and out of date as the Auburn and Pennsylvania systems. In Elmira itself, the humane and reformative influences which led to the installation of the system well-nigh disappeared. A prominent officer in the institution boasted to Dr. Barnes a few years ago that young criminals begged the judges to send them

to the Auburn State Prison instead of to the Elmira Reformatory. He apparently thought this was something of which to be proud. In the last year or so, the administration has become rather more enlightened, humane and progressive.

### WOMEN'S REFORMATORIES

The movement for a women's reformatory in New York State began in the first decades of the nineteenth century, taking at first only the form of agitation for separate institutions for men and women convicts. It was not until the 1880s, however, that the movement reached a culminating point. This delay was largely due to the fact that there were always relatively few women convicts, who were, as a consequence, subjected to makeshift arrangements. The subject was vigorously championed by Governor Enos T. Throop, who, in 1831, pointed out the evils in the treatment of female convicts, and pressed the legislature to have a separate penitentiary constructed for them. At the time, females convicted of felonies in the western part of the state were sent to the penitentiary at Auburn, where they were all herded into one suffocating room in an attic of the prison. Those convicted in the eastern part were nominally sentenced to Sing Sing, but there being no accommodation for them there, they were kept at the Bellevue Penitentiary in New York City, under the jurisdiction of the almshouse department, where they mingled with lesser offenders. There was no segregation on the basis of age or degree of offense; the only attempt at classification was the separation of black and white convicts.

In 1837 a separate building for women was built within the walls of Sing Sing Prison, where all women felons from all parts of the state were sent for many years thenceforth. Later (1894), the official woman's prison was established on the grounds of Auburn prison, in the plant formerly used as the state asylum



for the criminal insane. It was dismantled and abandoned in 1933.

Meanwhile female misdemeanants were being committed to county penitentiaries, jails and almshouses, resulting in conditions so shocking as to attract the attention of a great many social-minded citizens. Most prominent among the later champions for a women's reformatory was Josephine Shaw Lowell, for years a member of the State Board of Charities. In the seventies and early eighties, she carried out a series of investigations into the conditions of women in the state's correctional and charitable institutions. The vigorous campaign led by Mrs. Lowell, which was given impetus by the opening of the Elmira Reformatory for men in 1876, finally resulted in the passage of a state act establishing a House of Refuge for Women, which was opened at Hudson in 1887. In the preparation of plans for this, the first separate correctional institution for women, the emphasis was placed decidedly upon reformation. It was authorized to receive minor offenders from fifteen to thirty years of age from all parts of the state. In 1894 the Western House of Refuge for Women at Albion (now Albion State Training School) was completed and female offenders from the western part of the state thereafter were sent there. The State Reformatory for women at Bedford was opened ten years later. The female felons were transferred from Auburn to Bedford in 1933.

#### ASYLUM FOR THE CRIMINAL INSANE

Until the year 1858, there was considerable uncertainty in New York as to the status of the criminal insane. Criminal and noncriminal insane were permitted to mingle indiscriminately in the poorhouses and prisons of the state. The sporadic, half-hearted attempts at classification made from time to time had only served to increase the confusion.

An act of 1827 had provided that "no lunatic shall be confined in any prison, gaol or house of correction." The criminal insane were to be sent to Bloomingdale Asylum in New York City, or to "the county poor-house, or any other place provided for the reception of lunatics by the county superintendents." But even this partial attempt to differentiate between insane and sane criminals seems to have gone unheeded, for in 1844 a Sing Sing prison report states that of 35 insane among 868 convicts, only 4 had been sent to Bloomingdale, the rest remaining at the prison. Most of these had been insane before commitment. In 1844 an out-ward was erected at Sing Sing for the treatment of insane convicts, but this was found to be a highly impracticable arrangement. The necessity for a separate institution for the criminal insane became more and more obvious, until in 1858 the legislature passed a law providing for a state asylum for this class, to be erected within the grounds of Auburn Prison. This asylum, opened in October, 1859, was the first of its kind in the United States. It received all the criminal insane in New York State until 1892, when the asylum at Matteawan was opened for their reception.

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The bibliographies for Chapter VIII and IX have been combined and follow Chapter IX.

# CARE OF THE NEEDY, THE SICK AND HOMELESS CHILDREN

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## CARE OF THE NEEDY, THE SICK AND HOMELESS CHILDREN

### HISTORY OF POOR RELIEF

THE care and treatment of the needy in provincial New York were characterized by a loosely woven patchwork of provisions. Few institutions existed for the care of the dependent classes, and no public asylums at all for the special care of the insane, the physically and mentally handicapped, destitute or delinquent children, and other unfortunates. To be sure, the erection of such institutions was hardly feasible in the scattered groups of small communities that characterized New York in the early days. When need arose, it was customarily met by the towns by some form of outdoor relief. This was in keeping with the spirit of the Elizabethan poor laws. The chief responsibility of finding ways and means of caring for the poor devolved upon the localities, and each was given the widest possible latitude in solving its relief problems in its own way. The colonial government "interfered" in this field but seldom. When it did step in, it was usually to provide for repressive measures against unsettled poor. Laws entitled "for the relief of the poor" were more likely to be concerned with relieving the public authorities, as far as possible, of the necessity of providing for unsettled indigents. This antagonism against impoverished strangers was, significantly enough, the main concern of the first general poor law passed in the colony (1661). With the exception of occasional measures, the government's participation in poor relief was confined almost exclusively to the passage of settlement laws, each more stringent than the last. Reflecting the severity of these acts is a state law passed in 1788, which provided for the whipping of strangers who returned to a locality whence they had previously been removed

on suspicion that they were or might become paupers, "if a man, not exceeding thirty-nine lashes, if a woman, not exceeding twenty-five."

With the gradual growth of population, the distribution of relief solely through the loose, neighborly methods suited to sparse, scattered communities became increasingly awkward. Poor relief had to be on a more permanent and stable basis than simply granting temporary provision as the occasion arose, or boarding at homes set aside as temporary "poorhouses." Naturally, New York City, as an expanding metropolis, was the first community in the province to feel the need of institutional relief. As early as 1701, it had been proposed to build a poorhouse in that city, but nothing seems to have been done toward its accomplishment for many years, although the same question arose again in 1714.

The first permanent almshouse in New York dates from 1734, when the Common Council of New York ordered the erection of a combined "House of correction, workhouse and poorhouse," a nomenclature presenting an interesting index to the heavily blurred lines then existing between pauperism and crime. Like the latter, destitution was looked upon as an offense against society, to be sternly repressed or punished. A Common Council order of 1736, laying down rules and regulations for the new institution, directs "the Master of the said house of correction, workhouse and poorhouse to sett on work, all such poor as shall be sent or committed thither and able to labour, and also all disorderly persons, parents of Bastard Children, Beggars, Servants running away or otherwise misbehaving themselves, Trespassers, Rogues, Vagabonds, poor persons refusing to work, and on their refusal to work and labour, to correct them by moderate whipping, etc." This institution, erected on the site of City Hall Park, was succeeded in 1796 by a second, somewhat less repressive than the first.

The almshouse, which thus had its beginnings on Manhattan Island, was destined to become the focal point of the poor relief system, though it was not until well into the nineteenth century that the system became general throughout the state.

For more than five decades following the Revolution, the common methods of caring for paupers, or perhaps more correctly, of disposing of them, were: (1) to board them out with friends, neighbors, or relatives; (2) to farm them out to contractors at a stipulated sum, with the understanding that the contractor was entitled to get whatever labor he could out of his charges; and (3) to auction them off periodically to the lowest bidders, individually or collectively. This latter practice was widespread during the late eighteenth and early nineteenth centuries. It consisted usually of exposing all the town paupers—the lame, the halt, the blind, the able-bodied, children, insane and feeble-minded, male and female—on the auction block and “selling” them to the “purchaser” making the lowest bid. The bidders were for the most part farmers who based their offers on the amount of labor that could be obtained from the paupers. Thus did the public authority neatly relieve itself of the responsibility of caring for its needy! Quite obviously, this system frequently wrought terrific cruelties on the paupers. A graphic description of the degrading spectacle of the pauper auction block is afforded in a report of 1827, submitted by an enlightened investigating committee in Onondaga County:

The practice of annually exhibiting the pauper with his miseries in the market, where the wretched being, fallen by his fault or misfortune, from better circumstances, and become a mere article of traffic or speculation, is publicly offered for sale to the lowest bidder—where frequently may be seen a public officer, acting in the character of an auctioneer, with his bottle in his hand, crying a drink to the next bidder to stimulate a grovelling spirit of avaricious parsimony, in the clamours of which are stifled the best feelings of philanthropy—

where the shameful scene results too late to the successful bidder that he has been duped by his own cupidity, overreached by the chicanery of others.

Another aspect of the auction evil is pointed out by an indignant citizen of an eastern New York county, who complained that the poor of the county were neither fed, clothed, nor treated like human beings. "They are *sold*, as the term is, . . . to purchasers nearly as poor as themselves . . . who instead of applying the amount received from the poormaster for the comfort of the pauper, spend it to support their own families, or in purchasing ardent spirits."

How far such abuses extended we do not know, but the evidence at hand indicates that they were quite common. With the zest for inquiry that was abroad in the early nineteenth century, these conditions could not continue unnoticed indefinitely. Peculiarly enough, however, it was not so much the chaotic condition of poor relief at home as that in Great Britain which proved the greatest contributing factor to the wave of inquiries into causes of dependency, and the formulation of new methods of alleviating them, that swept over New York in the first quarter of the century. For Great Britain was then experiencing a tremendous surge of agitation over her poor laws that was to find its crystallization in the great reform of 1834. It was inevitable, in view of the close ideological ties between England and her former colony, that this furore over the poor laws would have its repercussions in the United States. Neither could the dominant opinions on the subject in England fail to influence attitudes toward poor relief here.

In the press and periodicals, in pulpits and on debating stands of England, the controversy over the existing poor laws was raging; the question was continually in the forefront. Public expenditures for the relief of the poor had mounted steadily from



£1,912,000 annually to the staggering total of more than £7,-870,000 for 1817. England was passing through the first stages of the Industrial Revolution, which was creating an upheaval in the life of the people, urbanizing the country at a tremendous rate. Tens of thousands of men, women and children were being sucked from the villages to the factory towns, where they were rapidly transformed into poverty-stricken wage slaves. The oppressive corn laws were catapulting the prices of staple foods, while wages stood still. To cap it all, the peculiar provisions of the poor laws were keeping wages down to starvation levels. According to the laws, laborers receiving less than subsistence wages were to have their incomes supplemented by poor rates. The loose application of this provision permitted employers to pay their workers the lowest possible wages in the knowledge that public funds would be forthcoming, barely sufficient to keep them alive. Although the causes of the misery were not always clear, the consequences were, and led to searching inquiries into the origin, extent and treatment of pauperism.

#### THE YATES SURVEY AND ITS RESULTS

The furore in Great Britain over poor relief found its echoes on these shores, and similar inquiries were instituted here, culminating in the great state-wide survey into methods of administering poor relief, contained in a report of Secretary of State J. V. N. Yates to the New York legislature in 1824. This remarkable report, comprising communications relating to the local relief system from all the counties and many of the towns throughout the state, provides the first comprehensive survey of poor relief in New York State.

Important inquiries into poverty, its causes and treatment, had been made previously by private organizations, notably the Humane Society and the Society for the Prevention of Pauperism in New York City, but these were local in scope, although

they offered interesting indices of the thought of the time. The first-named organization, founded in 1787 as the Society for the Relief of Distressed Debtors, with the object of alleviating the sufferings of poor persons incarcerated for debt, and later branching out into other philanthropic fields as outlined in the previous chapter, appointed in 1810 a committee to inquire, among other things, into the "sources of vice and misery of the city," its attention having "been naturally drawn to the causes which produce the extreme poverty and misery which have so much increased among our laboring poor." New York had just passed through several depression years, brought on principally by the stoppage of commerce following the embargo laws of Jefferson. Of these causes, the committee reported, the most prominent was the "multiplication of petty taverns."

A more comprehensive attempt to ascertain the causes of poverty was made by the Society for the Prevention of Pauperism in New York City (1817-23) which, though short-lived, was no doubt the most important philanthropic society in New York of that period.

After surveying the conditions of the poor of New York in 1818, the society enumerated, as the chief causes of pauperism, the following: "Ignorance, Idleness, Intemperance in drinking (the CAUSE OF CAUSES), Want of Economy, Imprudent and Hasty Marriages, Lotteries, Pawnbrokers, Houses of Ill Fame, and lastly, WAR." A noteworthy fact about this remarkable organization is that it not only tried to ameliorate the sufferings of poverty, but actually sought, however crudely, to prevent pauperism, as its name implies. The methods it pursued were quite practical; it first attempted to trace the sources of pauperism, and then took steps to remove them. If its ascribed causes (which, incidentally, vary quite a bit from year to year, as enumerated in the annual reports of the society) were not what seem to us to be the fundamental ones, it should neverthe-

less be realized that in its aims and methodology, the society was far ahead of its time. It took several concrete, if not radical, steps in its efforts to abolish poverty in New York, principal among them being its work in the founding the first House of Refuge for Juvenile Delinquents. It also was responsible for the establishment of the first savings bank in New York, in 1819, on principles "calculated to inspire economy, produce reform, and inculcate a spirit of industry, and self-respect, among the laboring classes of the community."

By far the most important survey was the one by Secretary of State Yates. It was to have a far-reaching effect on subsequent poor-law legislation. The report contains a wealth of information on the contemporary methods of poor relief in New York and other states, and presents in detail the existing evils of the state's system. It condemns, principally, barbarities of the pauper auction; the lack of educational facilities for poor children; the want of economy; the carelessness in granting public relief which tends "to encourage the sturdy beggar and profligate vagrant to become pensioners upon the public funds"; the inhumanity and dishonesty resulting from the laws of settlement and removal; insufficient care of "idiots and lunatics," and inadequate provision for the employment of the poor throughout the state, which, the report wisely points out, "is indeed a principal defect. Without providing employment for the poor, no system can be productive of much good."

Two alternative measures were proposed by Mr. Yates for the consideration of the legislature: (1) Ought the whole system to be abolished, and the support of the poor left altogether to the voluntary contribution of the charitable and humane? (2) If the system ought not to be abolished, is it susceptible of improvement, and in what mode can it best be effected?

In support of the first proposition, the report cites a philosophy of relief which was at the time receiving wide support in

Great Britain, and which was ultimately incorporated in part in its Poor Law of 1834, namely, that there ought to be no public or compulsory provision for the poor. Advocates of this doctrine reasoned that the poor laws created paupers; abolish the first, and the second will automatically disappear. "Distress and poverty," they claimed, "multiply in proportion to the funds created to relieve them; the establishment of any poor rates is not only unnecessary, but hurtful." Secretary Yates dismissed this extreme attitude, arguing that the remedy for bad laws is the substitution of good ones. The total want of a pauper system, he said, would be inconsistent with a humane, liberal and enlightened policy.

In accordance with a request from the legislature, Secretary Yates submitted a plan for the improvement of the poor-law system, recommending, among other things, the humanizing of the settlement laws, the removal of able-bodied adults from the pauper lists, and, by implication, the substitution of the county for the town as the relief unit. The principal feature of this plan, however, lay in its initial proposal: the establishment of one or more houses of employment in each county, each one to be connected with a farm, "the paupers there to be maintained and employed at the expense of the respective counties, in some healthful labor, chiefly agricultural, their children to be carefully instructed, and at suitable ages, to be put out to some useful business or trade." It was also recommended that a workhouse or penitentiary "for the reception and discipline of sturdy beggars and vagrants" be connected with each institution. Yates was convinced that the adoption of this proposal would result in a far greater measure of humanity and economy.

Wherever the poorhouse plan had been fairly tried, the secretary averred, "the expense of supporting paupers had decreased from 33 to 50 per cent, while it afforded accommodations for paupers superior to those obtained by other methods."



In a questionnaire submitted to welfare officials throughout the state as part of the preparation for his report, Secretary Yates had solicited statements on the feasibility of establishing county poorhouses. An overwhelming majority of the officials who replied were heartily in accord with the furtherance of such a plan.

The main recommendations in the Yates report were favorably received by the legislature, and several months later a law was enacted making it mandatory for the board of supervisors of each county to appoint superintendents of the poor and to purchase a suitable tract of land for the erection of a county poorhouse; but, for very intricate reasons, thirty-eight of the fifty-four existing counties were excepted from this order. The law had far-reaching effects, however, and within a few years nearly every county had its poorhouse.

But the rosy hopes held out for the poorhouse as a solution to the stalemate reached in poor relief were soon dashed to the ground. The new poorhouses immediately became catch basins into which all classes and conditions of unfortunates were promiscuously massed in terrifying congeries—aged and infant, diseased and well, crippled and able-bodied, insane and sane, and feeble-minded, with frequently a sprinkling of minor offenders. For the most part ill-ventilated and overcrowded, these institutions became festering places for all sorts of loathsome diseases.

The report of an Assembly committee, delegated in 1838 to investigate county poorhouses, provides us with a graphic description of the wretched lack of classification and the overcrowded conditions typical of most of them. In one county poorhouse they found herded in a garret room, unheated in winter, neither lathed nor ceiled, twelve women and children, including "one female lunatic who had sufficient sense of propriety to keep herself clothed," sharing five beds among them. Another room with ten beds was occupied by nineteen persons,

"two married men and their wives, and one aged colored woman, two male idiots, one very old man, and eleven children." Ten women and children were crammed into three beds in one small chamber, while in a garret room, unprotected from inclement weather, eleven beds held twenty-five men and boys, two of whom were insane. It should be noted that these conditions were not due to the fault of the keepers of this particular almshouse, but to the lack of proper laws and institutions. "Can it be supposed," these keepers inquire of the committee, "that comfort, or even health can be maintained in a room 17 feet by 9 . . . crowded with three beds and 10 lodgers, and occupied by most of the tenants night and day?" The keepers declare themselves conscious of the impropriety of suffering "idiots and lunatics to occupy the same rooms with females and children, but no more so now than we have ever been . . . they were sent to us."

The next step in charitable reform consisted, obviously, in drawing from the catch-all poorhouse those classes of its inmates, the sick, insane and other undesirables who had no logical place therein, and placing them in separate institutions erected for their special care. The removal of classes other than aged and infirm from the almshouses was a very slow process, incomplete even to this day, although it had its beginnings long before the nineteenth century. Let us examine in order the rise of charitable institutions, other than poorhouses, in New York.

### HOSPITALS AND ASYLUMS

The emphasis on indoor relief, as opposed to outdoor relief, was firmly established in New York following the publication of the Yates report. While the poorhouse was no longer looked upon in later years as the panacea for the pauper problem, it was to remain for almost a century more the hub of the poor-relief system, from which all other forms of institutional relief

radiated. The process of this radiation was very gradual, having commenced long before. Since the demand for the various types of charitable institutions usually originated in the needs of stable, centralized communities, it is not surprising to find most of these types first appearing in New York City.

Aside from the almshouse, the first charitable institution of a permanent nature in the state was the general hospital, receiving poor patients. In the Dutch colonial period, the West India Company had built in New Amsterdam (1658) what was probably the first hospital in America, but this seems to have been used exclusively for treating the company's own sick soldiers and Negro slaves. Public hospitals had their early beginnings in the infirmary rooms, connected with almshouses, for the care of sick paupers; the first among these dates back to the opening of the combination workhouse and poorhouse in New York City in 1736, when a room in the west part of the building was set aside solely for this purpose. Outside physicians usually contracted, at stipulated salaries, to visit the almshouse infirmary periodically or whenever needed. From this humble beginning grew the "great pauper hospital," Bellevue, which was incorporated in 1848.

A private hospital, which antedated Bellevue by many years, has an interesting history. In 1770, a group of citizens led by Dr. Samuel Bard, sensing the need for a public hospital in the growing city of New York, started a successful subscription campaign for this purpose, and on June 13, 1771, it was incorporated by royal charter of King George III as "The Society of the Hospital in the City of New York in America." An annual subsidy to the hospital was voted by the colonial Assembly, an event of historic importance, since it is the first recorded instance of state financial participation in the erection of a charitable institution. In return, the hospital was to care for destitute patients from any county, without charge. The corner stone of

the New York Hospital was laid in 1773, but the edifice was consumed by fire while nearing completion. Plans for reconstruction were set afoot, only to be frustrated by the distraction of the Revolutionary War and the subsequent critical period, and it was not until 1791 that the hospital was finally opened for the reception of patients. The state legislature continued the practice of granting annual subsidies to the institution.

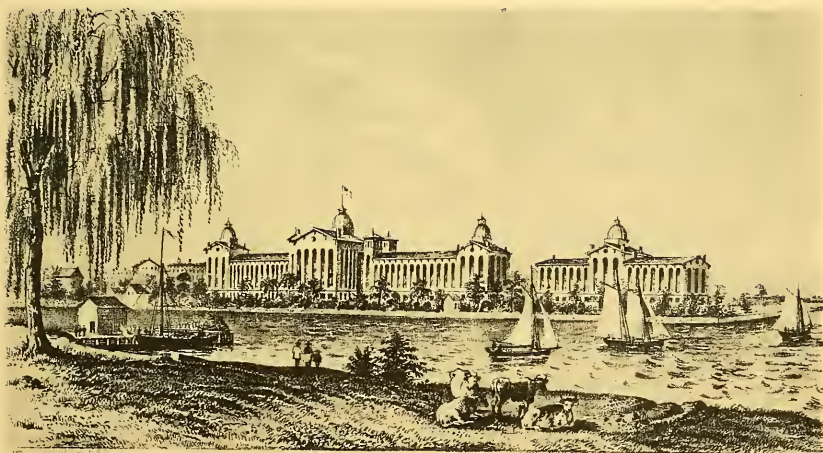
The establishment of the first public asylum for the insane in the state is connected with the New York Hospital in an interesting way. Until the nineteenth century there was no separate institution for the care of this unfortunate class. As early as 1797, however, the governors of this hospital listed "maniacs" as one of the four classes regarded as proper objects of their care. The mentally sick were first consigned to the basement of the hospital, but, this accommodation proving inadequate, in 1803 a third floor was added to the two-story structure for their maintenance. With applications for admission constantly pouring in as a result of the growing population and the ever-increasing rate of insanity, the hospital's capacity for insane inmates was soon overreached once more, and a separate building, denominated the "Lunatic Asylum," was erected in 1806 on the hospital grounds.

As the only institution in New York State where therapeutic treatment for the insane was obtainable, the demands made upon it again overtaxed its resources, and in 1816 the legislature authorized the governors of the society to establish an institution, on a site removed from the New York Hospital, to be devoted exclusively to the care of the insane, and granted a subsidy to aid the project. On this land, close by the site of Columbia University, the Bloomingdale Asylum was opened in 1821. It did not receive free patients, but insane paupers were sent to it from towns and counties throughout the state, and their treatment paid for out of the public poor funds of these localities. Only





THE NEW YORK HOSPITAL, ABOUT 1811



HOUSE OF REFUGE, RANDALLS ISLAND, N. Y., 1860



an insignificant number of this class were ever taken in, however, since the institution had a total capacity of only two hundred patients, and the matter of receiving insane paupers was wholly optional with the institutional authorities. Yet, until 1843, this remained the only public or semipublic institution of its kind in the state.

Those unfortunates unable to pay were thrown into correctional and charitable institutions, where no provision for their care, comfort or cure existed. A census of 1825 revealed that many insane persons, innocent of crime, were being thrown into jails as a means of disposing of them. Two years later, a law was passed forbidding incarceration of the insane in correctional institutions, but this act did little toward the solution of the problem, since the town and county poorhouses to which they were transferred offered accommodations no better, and sometimes worse.

Contemporary descriptions of the treatment of insane paupers in the almshouses of the state present a sad picture of ignorance, incompetency, lack of proper facilities and cruelty. The violently insane were frequently confined in dungeons and "crazy-cellars," or outhouses, chained to walls or floors of unheated cells, naked and unwashed for months at a time, with only loathsome pallets of straw for beds. The treatment of the milder cases was more humane; often, as we have indicated, they were permitted to mingle with the other almshouse inmates. But one truth was universally applicable: the almshouses were places of custody affording no curative treatment.

This hopeless situation of the pauper insane was brought to the attention of the legislature in 1830 and in successive years by the liberal-minded Governor Throop, who urged as a solution the establishment of a state asylum for this class. His recommendation was strongly indorsed in 1831 by a legislative committee appointed, at his suggestion, to investigate condi-

tions of the insane poor. Echoing a belief which received wide acceptance at the time, the committee was of the opinion that all insanity, save that arising from physical malformation, could be quickly cured by proper treatment.

The agitation for a new institution was continued until, in 1836, it resulted in the establishment of the State Lunatic Asylum at Utica. Opened in 1843, this historic asylum was authorized to receive acute cases of insanity from county poorhouses. Here the "moral treatment" which was being urged by the reformers of the time was generously applied; the new inmates were subjected to a humane treatment they had never known in the county poorhouses. It was not unusual for insane persons to be brought to the institution in chains, the casting off of which would constitute their initiation into the new asylum. Exercise and labor in the open fields were substituted for cells and pens, wherever possible. While it did not fulfill the over-optimistic expectations of its protagonists, many of whom were predicting 80 and 90-per-cent cures, it marked a great milestone in the public welfare history of the state. Meanwhile, intolerable overcrowding in Bellevue Hospital had led, in 1839, to the erection by New York County of an asylum on Blackwell's Island for the reception of insane paupers formerly cared for at Bellevue. This was the first county hospital for the insane in the state.

The Utica Asylum had been opened to the acute insane, but no provision had yet been made for state care of chronic cases. These, for the most part, were still confined in the county poorhouses, in conditions similar to those described before. The bestial cruelty under which many of the insane labored in poorhouses is vividly sketched by the great reformer, Dorothea L. Dix, who, at the request of the New York legislature, made an intensive survey of almshouse conditions in 1844. In her memorial to the legislature, she roundly reproves the extreme parsi-



mony of certain town and county poorhouse authorities who, rather than send even the noticeably acute cases to Utica, kept them hopelessly fettered in the poorhouse because the latter course was less expensive in the immediate sense. One county official is cited by Miss Dix as having boasted that the cost of his charges in the poorhouse came to only  $3\frac{3}{4}$  cents per week! The intolerable evils of the poorhouse system, together with the mounting numbers of insane, led finally to a sweeping legislative investigation under the direction of Dr. Sylvester D. Willard in 1864. Acting promptly on recommendations contained in a report submitted by Dr. Willard, the legislature in 1865 authorized "the establishment of a state hospital for the chronic insane, and for the better care of the insane poor, to be known as the Willard Asylum for the Insane." By the provisions of this act, all the chronic insane in poorhouses, and pauper cases pronounced incurable at the Utica Asylum, were to be transferred to the new institution. A climactic point in the care of the insane was reached in 1890, with the passage of the State Care Act, which forbade the confinement of any insane persons in almshouses, and made all the insane in New York, with specified exceptions, wards of the state. Separate provision for the feeble-minded dates back to 1851, when the New York State Asylum for Idiots was established at Albany under the direction of Dr. H. B. Wilbur. This was the second institution for the instruction of the feeble-minded in the United States, the first having been founded in Boston three years earlier. The Albany institution was removed to Syracuse in 1855.

The first school for physically handicapped classes was the New York Institution for the Instruction of the Deaf and Dumb, opened in New York City in 1817. Special provision for the visually handicapped commenced with the founding, in 1831, of the New York Institution for the Blind.

## CHILD-CARING INSTITUTIONS

Up to 1806 New York State could boast of no separate institution for the reception and care of dependent and neglected children. Invariably, until then, this class of indigents had been drawn into the catch-all almshouses; not infrequently they had been thrown into jails and penitentiaries as vagrants. Indenture was the only other means of providing for them. Until well past the halfway mark of the nineteenth century, it was customary to commit juveniles to the custody of the almshouse authorities until such time as they could be bound out, adopted or set loose to make their own way through life.

The liberation of children, which progressed by very slow steps from the unhealthy atmosphere of the nineteenth-century almshouses, commenced with the establishment of the orphan asylums, the earliest type of child-caring institutions to appear in the state. The first of these, founded in New York City in 1806 by the New York Orphan Asylum Society, owed its origin to a peculiar chain of circumstances.

In 1798 a group of pious women had formed an organization incorporated as the Society for the Relief of Poor Widows with Small Children. Its purpose, as its name implies, was to afford the necessities of life to widowed mothers bereft of resources. The society very soon found itself faced with a grave problem. What should be done with the children of deceased widows to whom it had ministered? Could the society, with a clear conscience, wash its hands of these helpless ones and remain indifferent to their fate? For a time this vexing question was disposed of by indenturing such children as were of age, and taking those too young to be bound out into the homes of members. But this latter expedient inevitably reached a saturation point, and the society was forced to seek some other plan of providing for the orphaned children of its former beneficiaries. Fortu-

nately, at this time, a book containing a description of Francke's celebrated Orphan Asylum at Halle, Germany, came into the hands of one of the directors, who communicated its contents to the others. The suggestion of establishing an institution in New York along similar lines received enthusiastic response, and in March, 1806, the Orphan Asylum Society in the City of New York was organized. An asylum was then erected for the reception of children of legitimate parentage, who were to be given "moral and religious instruction," and taught such arts as would prepare them for "a useful station in future life."

This was closely followed by other orphan asylums in various parts of the state, notably those of a sectarian character. The Roman Catholic Orphan Asylum (incorporated as the Roman Catholic Benevolent Society) and the Hebrew Benevolent and Orphan Asylum Society, both of New York City, were organized in 1817 and 1822 respectively. In 1836 the Colored Orphan Asylum and Association for the Benefit of Colored Children was founded by two spirited young women, members of the Society of Friends, a group which had been for years identified with a valiant fight for free status and human rights for the Negro people. Previous to the establishment of this institution, there had been no indoor provision for orphaned Negro children other than the almshouses and jails of the state, and their lot was for obvious reasons the most tragic of all.

In general, the state of children in almshouses was a hapless one indeed. A more unhealthy and abnormal environment for normal children could hardly be imagined. In many instances they received no education whatever, in others they obtained only the meager instruction obtained through adult pauper inmates. They were often forced into closest contact with the congeries of unfortunates which made up the typical almshouse population. In view of the overcrowding and unsanitary conditions that generally prevailed, few children could be

expected to escape having their development stunted, mentally and morally.

In many localities, the public authorities did all in their power to alleviate and, wherever possible, to eliminate these evils, but little could be effected while the almshouse remained the major refuge for needy children. There were few to question the propriety of placing children in the mixed poorhouse. It is significant that even the relatively enlightened Yates report of 1824 unquestionably approved of almshouse care for children, urging only that juvenile inmates be given a fair degree of instruction, and that they be bound out to suitable trades at the earliest possible moment.

In New York City the problem of properly educating the children and segregating them as far as possible from the rest of the poorhouse population received early consideration; recommendations to this effect were made in the rules and regulations drawn up for the government of the city almshouse in 1800. This separation was accomplished gradually until, in 1831-33, the younger children were removed from the almshouse of Blackwell's Island, and placed in the Nurseries on Randall's Island, where ten buildings were erected for their housing and care. The supervision of the Nurseries, however, still remained in the hands of the almshouse-department authorities.

Indenture was the common form of disposing of children in almshouses, after reaching a suitable age. In the early history of the state, the binding out of children was consummated with an astonishing degree of levity. The futures of destitute children were often willed away after a most cursory effort to inquire into the status, character and responsibility of the prospective master. Indicative of this prevalent looseness is the manner in which minutes of the commissioners of the almshouse and bridge-well of New York City invariably ended during the 1790s: "After binding out several children, etc., the board adjourned."



Apparently the matter was not thought important enough for the names of the children so indentured to be included in the minutes.

In the rural parts of the state, children were indentured mostly to farmers; in the large towns, they were usually bound out to tradesmen. In 1792 the almshouse and bridewell commissioners of New York City noted that "some of the Children, placed at a distance in the Country, have been very illy treated by the persons with whom they lived," and consequently resolved not to permit children to be taken "into the Country" from the almshouse without special permission. Thereafter, for some years, the commissioners seem to have restricted the placing-out of almshouse children to New York City and surrounding districts in New Jersey, Connecticut and upstate New York.

Reflecting the rapid rise of commerce in the early decades of the nineteenth century, it became increasingly popular to bind out destitute and delinquent children to service at sea. For years, the crews of many clipper ships were recruited in this manner from the poorhouses of New York.

Placing-out reached its apogee in the nineteenth century with the origin and development of the Children's Aid Society, founded in New York City in 1853. With its emphasis on normal family environment in foster homes, the placing-out work of the Children's Aid Society was responsible for the first great breach in institutional care as the dominant form of child-saving. The passage of the Child Care Act of 1875 by the New York legislature, forbidding the retention of children between the ages of two and sixteen in almshouses, marked another historic point in the child-caring history of the state.

Interesting and important aspects of the rise of humane institutions have been necessarily curtailed in this chapter. Chief among these are such private philanthropic enterprises as the New York Association for Improving the Condition of the

Poor, founded in 1843, and the various houses of industry which arose during this period. Animated by a spirit of moral reform, the private philanthropies of the time sought for the solution of poverty and dependency primarily in the "uplift" of the individual's character, and only secondarily, if at all, in the social environment.

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# THE WOMAN'S MOVEMENT

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## THE WOMAN'S MOVEMENT

### WOMEN AT THE BEGINNING OF THE NINETEENTH CENTURY

IT is not an accident of history that "woman's discontent increases in exact proportion to her development." At the beginning of the nineteenth century the women of New York State had not become articulate concerning the discriminations of law or custom against their sex; their status was accepted.

In the eyes of the common law, unmarried women had all of the rights of citizenship except the franchise, but custom deprived them of higher education, entrance into the professions that commanded wealth and prestige, the privileges of holding political office, and voice in the deliberations of any committee or association to which they might belong. They had few contacts outside the home. The married woman's legal status was quite different. In addition to her political disabilities, she was practically "owned" by her husband. She could not hold property, buy or sell, sue or be sued, make a contract or a will, carry on business in her own name, possess the wages she earned, or have her children in case of divorce. Custom prescribed that she should be the "good, old-fashioned housewife and helpmeet."

In the early 1800s, however, women as well as men were responding to the new forces which were transforming the colonial type of life. From 1808 to 1840, the machine was gradually being applied to a large number of industries in New York and the employment of women became common. Men were still needed in agricultural work, transportation, lumbering and heavy manual labor, but it was thought fitting that women should continue the work of the home in the factory as shirt-makers and boot-sewers, and should thus be "kept from idleness." The first woman's trade union was a loose organization among the tailoresses of New York City in 1825, and in 1845

the Female Industrial Association was organized in New York, representing the cap-makers, straw-workers, book-folders and stitchers, and lace-makers. School-teaching had also offered an opportunity for the employment of women, but teaching was not always a favored alternative to work in mills, for in 1837 Horace Mann issued a report in which he said that "school-mistresses were still so inadequately paid that women in many occupations in mills and factories earned six or seven times as much as women teachers."

During this period women experienced the advantages of organization also. The churches maintained their women's spinning, weaving and knitting societies, with the object of raising funds for the heathen, and an occasional epidemic enabled the people to organize charity work outside the framework of the church. A number of societies for philanthropic work were incorporated, such as the Society for the Relief of Indigent Women and Children (1821), the New York Female Assistance Society (1840), and the American Female Guardian Society (1849).

Women were also responding to the great reform movements of the first part of the century. They formed a large part of the audiences of the antislavery meetings which William Lloyd Garrison held throughout the state, and by 1837 they were organized to such an extent that they were able to call a National Woman's Anti-Slavery Convention in New York. In the forties the Sons of Temperance had many auxiliaries called Daughters of Temperance. When New York repealed her License Law in 1846, the women rose up spontaneously in town after town and broke bottles in saloons. Women quite often appeared on platforms, as the slaves did, to move the audiences with their tales of woe.

Education of women received emphasis during the first half of the century and Governor De Witt Clinton gave his attention to the problem of extending the opportunities. On February 1, 1826, the New York High School Society opened the Female



High School in New York City. A more liberal conception of women's education was also developing. In 1818 Mrs. Emma Hart Willard laid a plan before Governor Clinton for a seminary for women. In recommending the project to the legislature, he said: "I trust you will not be deterred by commonplace ridicule from extending your munificence to this meritorious institution." Mrs. Willard established a seminary at Waterford with the hope of having a share of the literary fund, but in 1821 she moved her school to Troy and carried it on as a private institution. Other seminaries followed. Alfred Academy and Teachers Seminary was established in 1843, the State Normal School (now the New York State College for Teachers) at Albany in 1844, and the Manhattanville Academy in 1847. Teachers' Associations were also formed and teachers' conventions were held throughout the state.

A few women of New York became conspicuous for their unusual accomplishments during this period. Elizabeth Blackwell in 1849 graduated as the first woman medical student from Geneva Medical College. As early as 1844, Paulina Wright gave a course of lectures on woman and imported a *femme modele* from Paris. About 1849 Martha Bradstreet of Utica pled her own case in the courts of New York.

This period also witnessed a change in the property laws for women. In 1834 Mary Ayres sent to the state legislature a petition about fifteen feet long for a change in the laws. Two years later a bill was presented by Judge Hertell and printed in pamphlet form. In 1848 the first successful bill was introduced by Judge Fine of Saint Lawrence County. He desired to protect the interests of his wife, who upon marriage had had some property, which he had tried in vain to keep distinct from his own. Thrifty fathers were confronted by the fact that the inheritance of their daughters, carefully accumulated, might at marriage pass into the hands of dissipated or impecunious husbands. The

Property Bill of 1848 then gave the married woman the same rights of inheritance as the single woman. The first years of the century were therefore years in which women became more active in interests outside the home, their sympathies being stirred by the social questions of the day, and their own status before the law improved because of the economic interests of husbands and fathers.

### THE INCEPTION OF THE WOMAN'S MOVEMENT

It was not until women workers in the social causes of the time made the attempt to serve on committees and vote on policies that a few well-educated leaders, confronted by the prerogatives of the men, inaugurated a campaign for equality, which became known as the Woman's Movement. Not only were women's interests the motivation of the movement, but women were the chief initiators and champions of the cause. At first, equal participation as between the sexes was broadly interpreted by the pioneers of the movement and applied to education, legal status, labor opportunities, professions, social recognition, and the right of voting, but the leaders who followed concentrated on political rights, and before the end of the century the suffrage and woman's movements became synonymous. By-products of the earlier movement, such as clubs and labor organizations and colleges, had developed, however, and finally coöperated to bring the suffrage cause to victory.

New York not only had the honor of having the first woman's rights convention, of passing the first property bill for women, of having the first woman to address a legislature, and of chartering the first college for women, but she supplied the leaders of the national woman's movement. New York City was the scene of many of the national conventions, and New York State's final victory for suffrage was the pivot on which the national success turned. In Syracuse the Rev. Samuel J. May preached a sermon in 1845 upon "The Rights and Conditions of Women," in which

he said that women should not expect "to have their wrongs fully redressed, until they themselves have a voice and a hand in the enactment and administration of the laws." In 1847 Antoinette L. Brown, then a student at Oberlin College, made a speech in the Baptist Church at Henrietta, New York, on "Woman's Rights."

The right of women to speak, vote, and serve on committees met a practical test in the Anti-Slavery Association, and women in advocating liberty for the black race were forced to demand the right of free speech for themselves. At the annual meeting in May, 1840, Abby Kelly won the right to sit on a business committee after precipitating a division in the association itself, but in the same year eight women from the United States found themselves rejected as delegates at the World's Anti-Slavery Conference in London. One of the persons who had witnessed the exciting incidents of the struggle in London was Mrs. Elizabeth Cady Stanton, whose husband, Henry B. Stanton, was one of the delegates. She and Mrs. Lucretia Mott, a Quaker of Philadelphia, who was a delegate, came to the conclusion that upon their return to America they would call a woman's-rights convention to educate men on the question. Eight years later, when Mrs. Mott was visiting her sister, Mrs. Martha C. Wright of Auburn, and Mrs. Stanton had moved from Boston to Seneca Falls, the two women chanced to meet again and the decision was recalled. Sitting around the tea table in the home of a prominent Friend, Richard Hunt, near Waterloo, they, with Martha C. Wright and Mary Ann McClintock, drew up the following call which appeared in the *Seneca County Courier* on July 14, 1848:

#### SENECA FALLS CONVENTION

WOMAN'S RIGHTS CONVENTION. — A Convention to discuss the social, civil, and religious condition and rights of woman, will be held in the Wesleyan Chapel, at Seneca Falls, N. Y., on Wednesday and Thursday, the 19th and 20th of July, current; commencing

at 10 o'clock A. M. During the first day the meeting will be exclusively for women, who are earnestly invited to attend. The public generally are invited to be present on the second day, when Lucretia Mott, of Philadelphia, and other ladies and gentlemen, will address the convention.

Having issued the call impulsively, they next found it necessary to frame a declaration and consider subjects for speeches. Although conscious of woman's wrongs, they found it difficult to put their thoughts clearly and concisely into propositions. One of the group took up the Declaration of Independence and read it with such spirit that it was decided to use the document as the model for the declaration of the convention. "Seeing the Fathers had eighteen grievances, a protracted search was made through statute books, church usages, and the customs of society to find that exact number." The document that resulted was most interesting.

#### DECLARATION OF SENTIMENTS

When, in the course of human events, it becomes necessary for one portion of the family of man to assume among the people of the earth a position different from that which they have hitherto occupied, but one to which the laws of nature and of nature's God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes that impel them to such a course.

We hold these truths to be self-evident: that all men and women are created equal; that they are endowed by the Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness; that to secure these rights governments are instituted, deriving their just powers from the consent of the governed.

The "injuries and usurpations" on the part of man toward woman and the tyrannies complained of were that woman was deprived of the elective franchise; that she had no representation in the halls of legislation; that the married woman had no civil



rights in the eyes of the law, and had no right in property even to the wages she earned; that the husband could administer chastisement and in the covenant of marriage became woman's master; that the husband had all power in the matter of divorce and the guardianship of the children; that a single woman was taxed for her property without representation; that wages were unequal, and that man had the monopoly of positions leading to wealth and distinction, as in the fields of theology, medicine and law; that no college was open to women (however, in 1837 women had enrolled in the college department of Oberlin, Ohio, and in 1846 the University of Buffalo had opened as a co-educational university); that woman was excluded from the ministry and participation in the affairs of the church; and that there was a double code of morals for men and women. The Declaration continued:

Now, in view of this entire disfranchisement of one-half the people of this country, their social and religious degradation—in view of the unjust laws above mentioned, and because women do feel themselves aggrieved, oppressed, and fraudulently deprived of their most sacred rights, we insist that they have immediate admission to all the rights and privileges which belong to them as citizens of the United States.

In entering upon the great work before us, we anticipate no small amount of misconception, misrepresentation, and ridicule; but we shall use every instrumentality within our power to effect our object. We shall employ agents, circulate tracts, petition the State and National legislatures, and endeavor to enlist the pulpit and the press in our behalf. We hope this Convention will be followed by a series of Conventions embracing every part of the country.

This document not only outlined a broad program but was prophetic concerning the actual course of the woman's movement. In stressing the theory of natural right it struck the key which was to dominate the arguments of the next twenty years.

The women did not analyze the concept of natural right, but they adopted it because this type of reasoning was generally accepted at the time.

The convention was held on July 19 and 20, 1848, and was well attended. Although not invited for the first day, men appeared and James Mott was asked to preside at this first *woman's* meeting. Lucretia Mott stated the objects of the convention, other leaders read speeches, and Ansel Bascom, who had been a member of the constitutional convention of 1846, spoke on the Property Bill of 1848 that had just passed the legislature. The convention then adjourned to meet in Rochester two weeks later. This time a woman presided, and the program emphasized woman's place and wages in the world of work.

The comments of the press were not unexpected. The "Amazons" were accused of trying to start a "reign of petticoats"; it was declared "impracticable, uncalled for, and unnecessary" to change "the order of things established at the creation of mankind, and continued *six thousand years*." The *Courier of Lowell*, Massachusetts, gave the following converse picture of the ideal woman:

"PROGRESS," is the grand bubble which is now blown up to balloon bulk by the windy philosophers of the age. The women folks just held a Convention up in New York State, and passed a sort of "bill of rights," affirming it their right to vote, to become teachers, legislators, lawyers, divines, and do all and sundries that the "lords" may, and of right now do. They should have resolved at the same time, that it was obligatory also upon the "lords" aforesaid, to wash dishes, scour up, be put to the tub, handle the broom, darn stockings, patch breeches, scold the servants, dress in the latest fashion, wear trinkets, look beautiful, and be as fascinating as those blessed morsels of humanity whom God gave to preserve that rough animal man, in something like a reasonable civilization. "Progress!" Progress, forever!

The publicity, however unfavorable, delighted the women. The meeting was held just after the telegraph had come into use and comments were not unwelcome in the newspapers of Albany, Rochester and New York City; Worcester and Lowell, Massachusetts; and Philadelphia.

#### PROGRESS FROM 1848 TO 1861

These two conventions in New York and a later one in Ohio served as precedents for the calling of a National Woman's Rights Convention to meet at Worcester, Massachusetts, on October 23 and 24, 1850. This convention marks the beginning of organized action for woman's rights, and from 1850 to 1861 a national convention was held each year except 1857. The movement for liberty was known under the comprehensive name of Woman's Rights. Suffrage was only one of the reforms advocated, and many persons who advocated all of the other reforms either did not believe in or were indifferent to the franchise.

Meanwhile the temperance and the antislavery movements continued to enlist the sympathies and the active support of women. Local women's societies were formed throughout the state, but at the large conventions women had to battle for the right of freedom of speech. It was in connection with the temperance cause that Susan B. Anthony, of Rochester, made her entrance into public life. After an experience of fifteen years in teaching, she decided in 1850 to take up reform work. From this time to her death in 1906, she was the fearless champion of the oppressed and the advocate of equal rights. She was the keen critic and organizer, raising money, traveling and speaking for the cause. She was the one leader who could always be counted upon. Her life serves as a veritable history of the woman's movement, and she was justly called the Napoleon of the movement.

On January 28, 1852, three members of the Daughters of Temperance arrived in Albany to participate in a mass meeting

called by the men. Their credentials as delegates were accepted and seats were given them in the convention, but when Miss Anthony attempted to speak she was informed that "the sisters" had been invited to listen, but not to take part in the proceedings. Thereupon the women withdrew, held a meeting of their own, and soon called the Woman's State Temperance Convention of New York—the first of its kind. This convention assembled in Corinthian Hall, Rochester, April 20, 1852, and is important not only for its advocacy of temperance but for its suggestion that drunkenness was cause for divorce. The following question of Mrs. Amelia Bloomer illustrates the eloquence on this point: "Can it be possible that the moral sense of a people is more shocked at the idea of a pure-minded, gentle woman sundering the ties which bind her to a loathsome mass of corruption, than it is to see her dragging out her days in misery, tied to his besotted and filthy carcass?" It was urged that women take necessary action to protect their interests, and that petitions be sent to the state legislature for the modification of the laws affecting marriage and the custody of children. Women were also urged to withdraw their support from the foreign-mission associations and devote themselves to the poor and suffering around them. Miss Anthony was appointed by the executive committee state agent to organize auxiliary societies, collect money and issue certificates of membership.

Once more the men's State Temperance Society issued a call for a convention in June, 1852, at Syracuse and the executive committee of the Woman's State Temperance Society appointed Gerrit Smith, Susan B. Anthony and Amelia Bloomer as delegates. The clergymen in the meeting objected to the admission of the women, however, and after much excitement won their point. As before, the women organized their own meeting in a church that was offered to them, and spoke before a crowded house that evening.



Meanwhile the third annual Woman's Rights Convention was held on September 8, 9, and 10, 1852. By this time the need was felt for a more thorough and efficient organization with a plan of operation. Horace Greeley, who since the inception of the movement had been an ardent supporter, sent a letter emphasizing the importance of enlarging the opportunities of work for women and asked the women to pay higher wages for feminine work in the home. He pointed out that women were getting four to eight dollars for work "equally repugnant with and more protracted" than that of men who got from ten to twenty dollars. Mrs. Stanton, whose interests were always varied, sent a letter suggesting that women owning property should refuse to pay taxes as long as they were unrepresented, making a plea for coeducation, and stating her disapproval of sending ministers, educated by women's sewing societies, to foreign missions. The most constructive speeches were on the legal disabilities of women. The property laws, it was stated, were such that the wife was forced to seek a divorce if she wished to protect her earnings.

The press called this convention the Bloomer Convention, for some of the women appeared in a novel costume which had vogue at this time. It consisted of "a short skirt and a pair of Turkish trousers gathered at the ankle or hanging straight, and was made of ordinary dress materials." It was first worn by women at the various "water cures," and then was adopted by a few of the leaders of the reform movements. Even Miss Anthony was persuaded to wear it, but only for a year. Mrs. Bloomer, whose paper, the *Lily*, advocated its use, soon found her name used for the costume; she also served as deputy postmaster of Seneca Falls from 1849 to 1853.

Many sermons were preached against this convention and the whole woman's movement. The *Tribune* of Horace Greeley and the *Evening Post* of William Cullen Bryant supported the

movement, the *Herald* and the *Express* headed the opposition and the *Times* took a middle position. The *Lily*, which was started as a temperance monthly in Seneca Falls in 1849, also advocated woman's rights.

Miss Anthony went home from this, her first woman's-rights meeting, convinced that the main cause for which women should contend was the suffrage, but for the present she continued her active temperance work. In January, 1853, she arranged for a group of women to have a hearing on the Maine Law before the state legislature. This was the first time that a group of women appeared before the legislature.

As a World's Temperance Convention had been called for September 6 and 7, 1853, in New York, "all friends of temperance" were invited to a preliminary meeting in the old Brick Church on May 12. Again the women were ejected and held their own rally at the Broadway Tabernacle. At the meeting of the Woman's State Temperance Society held at Rochester, June 1, 1853, Mrs. Stanton, the president, reiterated her position that a woman had a right to be divorced from a habitual drunkard, and stressed the fact that this society was really a woman's rights society, for many instead of listening to what the women had to say on temperance had questioned their right to speak on any subject. The men who had been admitted as members of the society raised the issue of the society's having anything to do with woman's rights and tried to change the name to the People's League, until finally Miss Anthony and Mrs. Stanton withdrew. In a few years the society came to an end, and there was not another concerted movement of women in the state for the cause of temperance until the formation of the Woman's Christian Temperance Union in 1873.

Meanwhile Miss Anthony had continued her preparations for the "Whole World's Temperance Convention," which was to be held in New York September 1 and 2, just before the "World

Temperance Convention" of the men. The Whole World's Convention was a success, but the World Convention was reduced to pandemonium when the Rev. Antoinette Brown rose to speak to a motion. As a delegate from two different societies, she stood her ground for an hour and a half amid bedlam, "not because she was anxious to speak, but to establish the principle that an accredited delegate to a world's convention should not be denied the right of speech on account of sex."

The mob then turned its attention to the National Woman's Rights Convention that was meeting at the Broadway Tabernacle on September 6 and 7. This meeting was a culmination of a series of unpopular meetings held in New York during the World's Fair, and has a unique historical significance. It was called by the press the Mob Convention, and the sessions were reported as Mob 1, Mob 2, etc. It was the first open display of that public sentiment that women were then fighting. Owing to the confusion, only fragmentary reports were made, but the speeches brought out that the strongest opponents of woman's rights were the women themselves, and that efforts should be made to educate the women concerning the laws under which they lived. The redeeming features of the mob's opposition were that the admission fee of 25 cents netted a large surplus and that the unfavorable reports were good publicity.

State conventions on woman's rights had been held each year, but it was at Rochester at the convention of November 30 to December 1, 1853, that the first definite steps were taken to make the movement a practical one. Resolutions were drawn up which asked that, in endowing and establishing educational institutions, the legislature favor those which would give equal advantages to males and females; and that a committee be appointed to examine and revise the statutes and propose remedies for redress of all of the legal grievances from which women suffered. Another resolution asked for the franchise; and still an-

other invited the capitalists to give attention to the need of new avenues of employment for women, and asked that wages be based on the quality and quantity of the work done, rather than on the sex of the worker. Two forms of petitions, one for property rights and one for suffrage, were drawn up, and the convention adjourned to take up the program of canvassing the state with lectures and petitions. An appeal to women was issued, and editors were asked to publish it with the forms of the petitions. In two months, 13,000 signatures were gathered in 30 of the 60 counties.

It was decided to hold a state convention on woman's rights at Albany during the session of the legislature, and to try to obtain a hearing before that body. Mrs. Stanton, as president, prepared an address to the legislature which Miss Anthony had printed and placed on the desk of every legislator and scattered throughout the state. Hearings were granted in both the Senate and the Assembly, and lectures were given every evening for two weeks in February, 1854. Petitions from 5,931 men and women were presented in the Assembly and from 4,164 in the Senate, and referred to select committees. As the petitions asked for a review of the entire code of the statute laws, the reports of the committees were not unexpected. The select committee of the Assembly stated that "a higher power than that from which emanates legislative enactments had given forth the mandate that man and woman shall not be equal"; but while denying the petitions for a general revision, the committee asked leave to bring in "An Act Relative to the Rights of Married Women." It was this bill that became known as the Earnings Bill and, after discussion and modification in each legislature for the next six years, was finally passed.

After this Albany Convention of 1854 the work in New York State was thoroughly systematized. Miss Anthony was appointed agent general and it was decided to hold a series of conventions



in all of the counties and chief cities, and to roll up petitions with which to bombard the legislature at every session. Miss Anthony and other speakers canvassed the state and collected the petitions, and only those who did the work knew the humiliations to which they were subjected. State conventions were held at Albany each year during the legislative session. This was the program that was carried out until the Civil War.

In 1855 Miss Anthony, hearing that a Temperance and an Anti-Nebraska Convention were to be held at Saratoga Springs during the height of the social season, decided to hold a special Woman's Rights Convention in order to enlist the interest of a new class of people. Its success can be judged from the fact that the sum of \$300 was added to the funds from the gate receipts. In February, 1855, the annual convention was held at Albany. The petitions were referred to a select committee of the Assembly, which granted a hearing in the Assembly chamber. The committee reported adversely on the petition for suffrage, and favorably on the petitions for civil rights, and introduced a bill for the inheritance of the property of an intestate husband or wife in case there were no lawful descendants. The bill was referred to the judiciary committee, but the report was only jest and ridicule. However, suffrage was discussed incidentally several times in both houses in one week.

In addition to the annual canvass of the state, lectures from the most popular orators were secured in the large cities. In the spring of 1858 a course of lectures in Mozart Hall in New York in aid of "The Shirt-Sewers' and Seamstresses' Union" were on such subjects as "Fair Play for Women" and "Women and the Elective Franchise." In the autumn Henry Ward Beecher, James T. Brady and others spoke in New York, to aid in establishing a "Free Library for Working Women." In 1859 the Rev. Antoinette Brown gave a series of Sunday sermons in Rochester and in 1860 she preached in Hope Chapel in New York for six

months. This publicity was not only changing people's opinions but was bringing in money to further the work. Up to this time the movement had been supported by the admission charges and the sale of pamphlets, but at the meeting in 1856 Miss Anthony began to receive contributions of \$25 and \$40. She herself in 1855 had sold 20,000 pamphlets.

By 1860 Miss Anthony had become a national figure. Although she had been made the president of the National Woman's Rights Convention in 1858, she did not cease to direct the state movement, and in 1860 she wrote to Mrs. Stanton that the Earnings Bill, which had been before the legislature since 1854, had passed the Assembly and was in the committee of the whole in the Senate, and that she must move heaven and earth to secure its passage. As a result of this command, Mrs. Stanton obtained permission to address the legislature on February 18, and had the distinction of being the first woman to occupy the speaker's desk. The speech was listened to with respect and is said to have done as much for the cause as a whole convention.

The "Act Concerning the Rights and Liabilities of Husband and Wife," otherwise known as the Earnings Bill, was passed on March 21, 1860. The act secured to a married woman as her sole and separate property that which she had acquired by inheritance, or by her trade or profession, and made it free of interference from her husband or of seizure for his debts. The wife's earnings were assured as her own property. She could sell her property or enter into a contract concerning it provided she had her husband's consent or that of the county court, and she was declared to be the joint guardian of her children. She could sue or be sued. At the decease of the husband or the wife intestate, the survivor would enjoy a life estate in one third of the real estate, but if there were children, the survivor would enjoy all of the real estate during the minority of the youngest child and



*Lucretia Mott. Susan B. Anthony*



*Elizabeth Cady Stanton Emma Willard*

FOUR WOMEN REFORMERS





one third thereafter. This law was amended in 1862, however, taking from the mother the equal guardianship of the child and replacing it with a kind of veto power, which did not allow the father to bind out or will away a child without the mother's consent in writing. The provision guaranteeing the widow the control of the property which the husband should leave at his death, for the care and protection of minor children, was also repealed. In 1871 the guardianship section of the law was entirely repealed and the children were declared to belong to the father alone.

By this time lobbying by women had become a habit. In 1860 a committee of women used their influence successfully in favor of the Boarding House Act. This act provided that the keepers of private boarding houses should have the right of lien on the property of boarders in the same way that hotel keepers had. Although Mrs. Stanton spoke before the judiciary committees of both houses, neither reported on the petitions for the right of suffrage.

At the tenth Woman's Rights Convention in New York in 1860 Mrs. Stanton spoke for a set of resolutions which stated the conditions under which divorce was justifiable. Her speech precipitated a lively discussion and

stirred the country from center to circumference, and all the prominent newspapers had editorials favoring one side or the other. It produced the first unpleasantness in the ranks of those who had stood together for the past decade.

The convention of the next year was the last one held until after the Civil War, and it closed a period of advance along many lines. A movement that had started without any deliberation had established a definite technique of work, and New York had the distinction of having marriage laws in advance of every other state in the Union. Not a few men had adopted the

woman's cause, and the attitude of the press had changed from one of ridicule to one of grave debate.

There was also progress in the educational realm. Teachers' conventions had become annual events. In 1845 Mrs. Willard addressed the convention at Syracuse, stating that "women, now sufficiently educated, should be employed and furnished by the men as committees, charged with the minute cares and supervision of the public schools." In 1852 the American Woman's Educational Association was formed in New York City. At a meeting in Rochester in 1853, Mrs. Northup, a teacher in the Rochester schools, had courage enough to present the following resolutions:

*Resolved*, That this association recognizes the right of female teachers to share in all the privileges and deliberations of this body.

*Resolved*, That female teachers do not receive an adequate and sufficient compensation, and that, as salaries should be regulated only according to the amount of labor performed, this association will endeavor by judicious and efficient action to remove this existing evil.

Although there was an attempt to smother the resolutions, Mrs. Northup and her sister spoke concerning the discrimination against women, the resolutions were read and, after a forceful speech by Miss Anthony, they were passed unanimously. The question of woman's right to speak in teachers' conventions was thus settled. The next year Miss Anthony turned her attention to the right of women to hold office in the association and to fill the position of principal in the public schools, and succeeded in getting a woman chosen as one of the vice presidents. In 1856 she read a paper on coeducation, written by herself and Mrs. Stanton, before the meeting of the State Teachers' Association at Troy, and the next year at Binghamton introduced a resolution in favor of coeducation.

Meanwhile, in 1852, the first college for women in the United States had been chartered at Auburn under the name of "Au-

burn Female University." In 1853 it was transferred to Elmira, and it was formally opened in 1855 as Elmira Female College. Its course of study for the degree of bachelor of arts was equivalent to that offered in colleges for men. In 1843 a beginning had been made in industrial education for girls by the Female Guardian Society, and in 1854 Peter Cooper established the Cooper Union with its facilities for women in industry and the arts.

Woman's interest in medicine was also continuing. Elizabeth Blackwell in 1853 opened the New York Dispensary for Poor Women and Children. Another New York girl, Angonette A. Hunt, had been in the first class of eight to be graduated from the Medical College for Women which had been started in Philadelphia in 1850.

On September 15, 1853, Antoinette L. Brown was ordained pastor of a Congregational church in South Butler, Wayne County, New York, and in 1869 the Widow Van Cott was licensed by the local Methodists in Ulster and Dutchess Counties. Women were also becoming orators on Fourth of July programs, and the woman's-rights movement began to be an occupation in itself for many leaders and speakers.

Thus we see that at the end of the first six decades of the nineteenth century the right of free speech had been successfully defended, woman's legal status had been improved, and educational opportunities had been extended. As a result, custom and prejudice had been sufficiently assaulted for women to be entering untried professions and occupations.

#### SERVICE OF WOMEN DURING THE CIVIL WAR

When the Civil War broke out, the women of New York State abandoned the campaign for their own specific interests and devoted themselves to war work. Women, left alone at home, were thrown on their own resources and took responsibilities which had been denied them before. The women of New

York tilled the fields; and we read that they removed the hearthstones and manufactured saltpetre from the earth beneath to make powder for the army. One woman from Brooklyn, inspired with the idea that she was to be the country's savior, joined the army and during the Battle of Lookout Mountain fell, pierced in the side by a Minie ball.

Organizations were formed to supply material wants of the army, and young and old scraped lint, and knitted socks and mittens. Dr. Elizabeth Blackwell, just back from England where she had contacts with Florence Nightingale, called an informal meeting at the New York Infirmary for Women and Children on April 25, 1861, to consider the possibility of concentrating the scattered efforts in a large and formal organization. The next day at a public meeting in Cooper Institute the "Women's Central Relief Association of New York" was formed. Louisa Lee Schuyler, its president, soon saw the need of more positive connection with the Federal government. A united address was sent to the Secretary of War from the Woman's Central Relief Association, the advisory committee of the board of physicians and surgeons of the hospitals of New York, and the New York Medical Association, and as a result the Sanitary Commission was established June 9, 1861, under the authority of the government. Although acting under national authority, the commission was not sustained at public expense, but was supported by the women of the nation. Fairs were held in New York, as elsewhere, and the variety and beauty of the exhibits realized great sums. Dr. Blackwell served as chairman of the registration committee until the prejudice of the men physicians forced her to resign.

Only a few women saw also the political significance of the War. President Lincoln had issued the Emancipation Proclamation, but on January 16, 1863, Henry B. Stanton appealed to Miss Anthony in a letter from Washington:



The country is rapidly going to destruction. . . . Nothing can carry the North through but the Southern Negroes. . . . We must not lay the flattering unction to our souls that the proclamation will be of any use if we are beaten and have a dissolution of the Union.

It was quite clear that it was necessary to get an expression of public opinion sufficient to justify Congress in proposing a constitutional amendment that would abolish slavery forever. It was here that Miss Anthony saw the use of the technique learned in the woman's movement. She and Mrs. Stanton sent out through the New York *Tribune* and other newspapers an appeal and a call to "The Loyal Women of the Nation" to meet in New York on May 14, 1863. The response was large, and at the meeting Miss Anthony presented a list of resolutions, approving of the President's Proclamation, remonstrating against any state or national legislation which might debar the slaves from any rights or privileges as equal citizens of a common republic, and pledging the time, means and lives of the women to secure the final and complete consecration of America to freedom. In speaking of the fundamental truths of a democracy, however, Miss Anthony could not omit the following statement concerning her primary interest:

Resolved, 5. There never can be a true peace in this Republic until the civil and political rights of all citizens of African descent and all women are practically established.

The resolutions were passed and a pledge was taken to support the government "in so far as it makes the war for freedom." A permanent organization was effected, with Mrs. Stanton as president and Miss Anthony as secretary, and a platform adopted in which it was stated that the work of the League was to educate the nation to a true idea of a Christian republic. The plan of work which was decided upon was to concentrate upon securing

100,000 signatures to a petition to Congress to pass an act emancipating all the slaves.

From headquarters in Cooper Institute in New York, the women sent out appeals to the President, Congress and people, and scattered tracts and forms of petitions all over the country. Meetings were held every week, in which the policy of the government was discussed. The address to President Lincoln thanked him for his Emancipation Proclamation, especially since by it 2,000,000 women were freed. The first instalment of 100,000 petitions was presented in the Senate by Charles Sumner on February 9, 1864, and of that number New York had 17,706, a couple of thousand more than any other state. At the anniversary meeting in May, 1864, it was reported that \$5,000 had been spent, all of which had been paid from charging a penny a signature and from a series of lectures in New York. Over 5,000 persons were then members of the League, and the purpose was still emphasized of educating 30,000,000 people to call the nation back to the a-b-cs of human rights. The resolutions were general in nature, asking for the elective franchise for "all citizens who bear arms, or are taxed to support the Government," and in demanding a new constitution which would guarantee "liberty and equality to every human being." One of the resolutions asked that women acting as nurses in the hospitals, who were regular graduates of medicine, should be recognized as physicians and surgeons, and receive the same remuneration for their services as men. Women were also called upon to omit the luxuries of imported articles during the war and to help stimulate American industries.

The signatures to the petitions finally reached almost 400,000, and when the Senate had passed the bill and the intention of the House was apparent, the headquarters in Cooper Institute were closed, and the work of the League brought to an end. Through the efforts of women, under the direction of the New York leaders, a timely educational service had been rendered.

## SUFFRAGE, 1866 TO 1900

When the war was over, women received no individual rewards and no general recognition for their services, but by their active labors they had learned that they had many interests outside the home. The political significance of the war and the discussion of the principles of government during the Reconstruction Period were to throw new light on the status of women. The Thirteenth Amendment merely confirmed and widened the Emancipation Proclamation, but the controversy now developed around the elimination of the word "male" from the Fourteenth Amendment and the insertion of the word "sex" in the Fifteenth.

As the New York State constitution was to be amended in 1867 for the first time in the history of the suffrage movement, the women decided to take advantage of this opportunity to have these changes made in it. The proposition of the Republican party to strike out the word "white" from the constitution made the women decide to agitate. Meetings were held in all of the chief towns and cities in the state and conventions were held in Albany and other cities. Appeals and petitions were scattered in every school district, and 20,000 petitions were rolled up, asking that the word "male" be omitted from article II, section 1. The campaign cost the movement the friendship of Horace Greeley and the support of the New York *Tribune*. He advised the women to be "wise and magnanimous" and to hold their claims in abeyance "until the negro is safe beyond peradventure," and told them that their turn would come next. "I conjure you to remember that this is the 'negro's hour.'" As soon as the constitutional convention had been called by the legislature, Mrs. Stanton appeared before the latter body asking that women be permitted to vote for members of the convention. She gave precedents of disfranchised males voting for delegates to conventions, when they were not permitted

to vote for members of the Assembly, but the request was refused.

On June 4, 1867, the constitutional convention assembled in Albany, and on the tenth Ezra Graves of Herkimer moved "that a committee of five be appointed by the chair to report at an early day whether the Convention should provide that when a majority of women voted that they wanted the right of suffrage, they should have it." He was unsuccessful in his attempts on several occasions to get his resolution adopted, but on the nineteenth the president appointed a committee of which Horace Greeley was chairman, on the "right of suffrage, and the qualifications for holding office." On June 27, Mrs. Stanton and Miss Anthony were granted a hearing, but the report of the committee was for "manhood suffrage." When Mr. Greeley presented his report, however, the women succeeded in having him embarrassed by the presentation of a petition from Mrs. Horace Greeley and three hundred other women from Westchester asking that the word "male" be stricken from the constitution. Meanwhile Mrs. Stanton had run for Congress. She nominated herself as an Independent candidate at the November election of 1866 in order to test the constitutional right of a woman to run for office, and she received 24 votes.

There were changes that had taken place in the National Woman's Rights Association that affected the organization in New York State at this time. Since the same persons were identified with the antislavery and woman's movements, the name was changed in 1866 to the American Equal Rights Association. But by the May meeting in 1869 the platform was used by so many hobby-riders that a few women organized the National Woman's Suffrage Association, and in November a larger group, dissatisfied with the continued leadership of the New York crowd, formed the American Woman's Suffrage Association. Both factions worked for a sixteenth amendment to the Federal



Constitution and it was not until 1890 that the two were re-amalgamated under the name of National American Woman's Suffrage Association.

In the summer of 1869, when the National Association met at Saratoga, a New York State Woman's Suffrage Association was formed, and from that time on it was a group of that organization that appeared at Albany at each session of the legislature and never ceased to lobby for the franchise. In 1872 the suffrage question was raised to one of an interpretation of constitutional law. The National Association asserted that women were already enfranchised by the adoption of the Fourteenth and Fifteenth Amendments. Noticing the call for registration in the Rochester *Democrat and Chronicle* of November 1, Miss Anthony and her three sisters went to the polls and succeeded in registering. She then urged other women to follow her example, so that in all fifty women registered. On election day only she and the other fourteen women in her ward succeeded in voting. The news of this event caused wide comment in the press, and newspapers all over the United States carried editorials on the subject. The women who voted were all arrested, given a hearing and declared guilty. The other women paid their bail of \$500 but Miss Anthony refused to do so, and demanded a writ of habeas corpus. This was denied and her bail was increased to \$1,000. She refused to pay it, but was not taken into custody and, while her case was pending, attended the Suffrage Association's meeting in Washington, addressed the constitutional committee's meeting at Albany, and even cast her ballot on March 4 at the city election, without a protest. Her trial was set for May 13, so she decided to make a canvass of Monroe County to educate the people concerning the constitutional points involved. She spoke in twenty-nine of the post-office districts, with the result that the judge removed the case to Canandaigua. Miss Anthony and her friend, Mrs. Matilda Joslyn Gage, then made

thirty-nine speeches in the new area. When the trial occurred, the judge delivered a written opinion without leaving the bench and without submitting the case to the jury. The sentence was a fine of \$100 and the costs of the prosecution, but the reply of Miss Anthony was: "May it please your honor, I will never pay a dollar of your unjust penalty." And so she never did.

In 1873 a commission was sitting in Albany to revise the constitution of the state. Memorials were presented by the women and hearings requested. A delegation of women from New York City attended the hearing and the occasion was an impressive one, but the committee recommended only that the Fifteenth Amendment be ratified, and made no recognition of the women of the state. Shortly afterward the Hon. George West presented a constitutional amendment giving to every woman possessed of \$250 the right to vote, thus placing the women of the state in the same position which Negroes had before the passage of the Fifteenth Amendment. The amendment was referred to the judiciary committee, and there buried.

In 1876 upon the approach of the presidential election, a committee was formed to ask the legislature to grant presidential suffrage to women, on the claim that the constitution of the state was silent about the appointment of presidential electors, and that the Constitution of the United States provided that they should be appointed in such manner as the legislature might direct. A bill was presented giving the women of the state the right to vote for President, but the judiciary committee reported adversely. Nevertheless, the bill was called up and debated, and that was considered an achievement.

When the fall elections of 1879 approached, the women sent a circular letter to every candidate for office in New York City, asking his views on woman's suffrage. From the answers received, a list of candidates was prepared and a mass meeting was held in Steinway Hall to advocate the election of those favorable to the enfranchisement of women.

The men who had opposed suffrage at Albany also met the opposition of the women. The Democrats renominated Lucius Robinson for governor, but as he had declared that "the God of Nature did not intend women for public life," the women decided that "the same power should retire Mr. Robinson from public life," and they met with success. When they also succeeded in defeating one of the senators, it was conceded that the efforts of the women had counted for something, and from this time on their leaders regarded themselves as possessing some political influence.

After other unsuccessful attempts to get a bill in 1880, 1881 and 1884, the women decided to concentrate upon the constitutional convention of 1894. As early as 1887 a request had been made that women have representatives in the convention. Even the governor recommended it, in his message of 1892. A law was finally passed reading: "The electors may elect any citizen of the state above the age of twenty-one years." The State Suffrage Association put up three names, but the Republicans and Democrats refused to nominate any women, "the compensation of \$10 a day in addition to the political power conferred, making the position entirely too valuable to give to a disfranchised class."

Every effort now was made to obtain a clause in the new constitution. A carefully planned campaign was worked out, and the sum of \$10,000 was raised. To save rent, headquarters were established in Miss Anthony's own home in Rochester. Sacks of mail were brought to the house each day. Miss Anthony, now at the age of seventy-four, spoke in every one of the sixty counties. A new speaker made thirty-eight speeches in New York City and Brooklyn. This person was Mrs. Carrie Chapman Catt, a woman with a background of teaching, experience as an executive in schools, and law study, who had recently moved to New York.

Women of social influence in New York City, who had never

shown any public interest in the question, opened headquarters at Sherry's, held meetings and secured signatures to a suffrage petition. In Albany, a small body of women organized under the name of the "Remonstrants." The suffrage forces circulated 5,000 petitions, and secured 332,148 individual signatures, while memorials from labor organizations and Granges brought the total to 600,000. Statistics showing the amount of property held by women were also prepared.

During the convention, an office and a reception room in the capitol were granted to the women. The president of the State Association, women from New York City, and representatives from all of the senatorial districts, addressed the suffrage committee, but in the end the committee gave an adverse vote. The following month, both the Republican and the Democratic state conventions were asked to recognize woman suffrage, but the request was ignored.

In 1895 a resolution to amend the constitution by striking out the word "male" was submitted, and this time it passed both the Senate and the Assembly. But when it was sent to the revision committee, it was found that a period was used instead of a comma in one place, and it took two weeks to correct that error. Finally the resolution was ready to be declared, when it was discovered that the word "resident" had been used instead of "citizen" and the entire work of the winter was void. In 1897 the resolution did not even get a favorable vote from the committee, and in 1898 a vote was not pressed because the composition of the legislature had not changed.

#### THE LOCAL FRANCHISE BEFORE 1900

In this same period from 1869 to 1900 the Woman's Suffrage Association carried on a more successful campaign for voting privileges through legislation which required no change in the constitutional law of the state. Women were large property



owners, and during the Civil War had felt the pressure of taxes. As early as 1868 meetings of protest were held in various places. Bills were introduced in the legislature granting to women the right to vote on tax propositions, but it was not until 1901 that a bill was passed. While this bill applied to towns and villages, therefore covering all the rural communities, it did not carry any suffrage rights in the incorporated cities which contained by far the greater part of the population of the state. The principle had at last been recognized, and many newspapers in the country carried editorials on the subject.

In 1877 a bill authorizing the election of women to school offices was passed by both houses, but Governor Lucius Robinson returned the bill with the veto: "The God of nature has appointed different fields of labor, duty and usefulness for the sexes. His decrees cannot be changed by human legislation." In 1880, however, Governor Alonzo B. Cornell recommended such a bill, and the following was passed: "No person shall be deemed ineligible to serve as any school officer, or to vote at any school meeting by reason of sex, who has the voter's qualifications required by law." Thirteen women registered and voted in Syracuse on February 18, 1880. This was the first time that women of New York voted legally.

Several of the large cities held their elections in March, while the majority of the rural districts held their school meetings in October. Preparations were made to call out a large vote of the women in the cities, but the action was checked by the opinion of the attorney general that, since the words "school meeting" were used in the law, women were not entitled to vote in the elections of the large cities. But in October women voted in a large proportion of the school districts of the state. Another bill in 1886 removed all doubt as to the constitutionality of the act, but as the words "school district" were used in it, it did not give the suffrage to women who had lacked it before. In 1893 a

bill providing that on all boards of education one person out of five should be a woman was defeated; and in 1899 the bill, changed to read that a third of the members of the board should be women in those cities where the office was appointive, did not get the necessary majority.

In 1884 a special act was passed, granting women the right to vote at the charter elections of Union Springs, Cayuga County, and other acts gave the right to vote for municipal officers in Dansville, Newport and several other villages and towns, but general municipal suffrage bills were lost each year from 1886 to 1890.

### THE WORKING WOMEN AFTER THE CIVIL WAR

The Civil War brought new problems for the working women. Owing to the heavy losses and the inability of men to support families, women were forced to assume new responsibilities. Women from the South, whose entire living had been swept away, came to the North for employment, and at this time the immigrant woman worker was seriously competing in some of the trades. The sewing machine, which had been invented in 1846, had thrown many women tailors out of work also.

It was during this period that the organization of labor on a national scale began. From 1863 to 1873 there were more than thirty national trade unions, but only the printers and cigar-makers admitted women to their membership. There were women's unions of all sorts, which were represented in the National Labor Union. The Working-Women's Labor Union for New York State was one of two state unions composed solely of women. In Troy, in 1866, women of the Collar Laundry Workers had an organization so powerful that it was able to give \$1,000 toward the assistance of the iron molders of Troy, and \$500 to help the striking bricklayers of New York. They soon succeeded in raising their own wages from \$2 and \$3 a week

to a scale ranging from \$8 to \$14, but in 1869 they had an unsuccessful strike and their union was put out of existence.

In 1868 Women's Typographical Union No. 1 was organized and was given a charter from the International Typographical Union, but in 1878 the International decided to grant no new charters to women's unions and the Women's Typographical No. 1 dissolved. In 1883 women printers in New York began to join the men's union. The garment trades and the introduction of the typewriter in the 1870s brought new types of employment for women, and from 1894 to 1913 women in the trade unions in New York increased from 7,488 to 78,522.

The early workers for suffrage were interested in the industrial problems of women, and their paper, *The Revolution*, published many reports of workingmen's conventions which Miss Anthony or Mrs. Stanton attended as either delegate or speaker. Many of the women's-rights conventions considered ways of increasing employment of women, and Horace Greeley served as the chairman of a committee on the problem. Miss Anthony organized the Working Women's Association, with the object of appealing to the National Labor Congress, which had been formed in 1845, to admit women in industry on equal terms with men; and at the meeting of the Congress in New York in 1868 five women delegates were admitted, representing the Working Women's Association of New York, the Working Women's Protective Labor Union of Mount Vernon, and the Collar Laundry Union of Troy.

Miss Anthony was very much interested in the need of trade schools for girls and took advantage of a printers' strike in 1869 to ask the employers to start training schools, but the printers, feeling that they had been betrayed, made public protest and Miss Anthony was forced to withdraw her proposal. Women had little opportunity to learn a trade thoroughly, and were forced to stand by the men workers in the interests of working-

class loyalty. Although the State Woman's Suffrage Association had an industrial committee, the original objective of the pioneers soon slipped out of sight. The women workers also took little interest in the suffrage movement and only gained by working for themselves, but toward the end of the century some assistance came from various women's clubs.

In 1886 the Working Women's Society was formed, as the result of some meetings of garment workers on the East Side. Some of the women of the leisure class asked if they might cooperate, and a public meeting was held in 1888. The objects of the society were "to found trade organizations . . . to encourage and assist existing labor organizations, to the end of increasing wages and shortening hours." It also aimed to secure the passage and enforcement of laws for the protection of women and children in factories, and to follow up cases of injustice in the shops. It was mainly through its efforts that the law of 1890 was passed providing for women factory inspectors in New York State. It also undertook to educate the more fortunate classes concerning the moral responsibilities of the purchaser, and as a result the Consumers' League of New York was formed in 1891.

The Working Women's Society brought about these results when organization among women was unpopular, and prepared the way for the National Woman's Trade Union League which was organized in 1903. The main purpose of the League was the encouragement of the organization of women into trade unions, and their affiliation with the American Federation of Labor. In New York State the League made possible the large organizations among the cloak-makers, the waist-makers and other white-goods workers. From 1894 to 1913 the local leagues had a large influence in the passage of industrial legislation for women, and much of the lobbying at Albany was done by the women themselves.



In 1896 the New York legislature passed a Mercantile Inspection Act, which provided a sixty-hour week for women under twenty-one, a ten-hour day with no work between 10 P.M. and 7 A.M., proper sanitary arrangements, lunch rooms and seats.

#### CULTURAL ADVANCE, 1865 TO 1900

The educational opportunities for women had so increased during this period that individual women who had a college education were no longer exceptional. New colleges for women had appeared, Elmira (1855), Vassar (incorporated 1861 and opened 1865), Wells (1868), Hunter (1870), Barnard (1889) and Adelphi (1896); and women could attend the following coeducational universities: Buffalo (1846), St. Lawrence (1856), Syracuse (1870), New York University (1888) and Rochester (1900).

Women who had reaped the advantages of the long struggle for equal rights in education now entered the professions, and scarcely any avenues were left untried. Women had become physicians, surgeons, dentists, nurses, newspaper editors and correspondents, ministers, notaries public, lawyers, public accountants and auditors. Women musicians and authors were becoming well known. It was during these years that three of the six volumes of the monumental *History of Woman Suffrage* were written by the three pioneers, Elizabeth Cady Stanton, Susan B. Anthony and Matilda Joslyn Gage. Women had also become eligible to many public posts, such as village clerk, police matron, city physician, factory inspector, district school commissioner and other school offices. In 1875 a woman had been appointed commissioner of charities by Governor Tilden, and in the 1890s a woman became a member of the New York Factory Investigating Commission.

In 1868 Mrs. J. C. Croly, owing to the exclusiveness of the Press Club upon the occasion of their entertaining Charles

Dickens, had started a club for women in New York, called Sorosis. It was to give women deeper and broader ideas, and to teach them to think for themselves. Mrs. Wilbour, president of Sorosis in 1873, invited the leading women of the country to a Woman's Congress at New York, and founded the Association for the Advancement of Women. In 1889 clubs from all over the United States sent delegates to New York to celebrate the twenty-first birthday of Sorosis, and out of this meeting there followed, the next year, the General Federation of Women's Clubs. The New York clubs were federated in 1894 and incorporated in 1904. In 1888 an International Congress of Women's Clubs was called in New York, under the auspices of the suffragists, and from it came the National Council of Women.

The professional women, now quite numerous, also began to organize for their mutual interests, and many clubs for specific purposes were formed. The list includes the New York State Charities Aid Association, the Women's Union Missionary Society of New York, the Women's Press Association, the Society of Women Physicians, the District Nursing Association of Westchester County, the Library and Journal Association, the Woman's Christian Temperance Union, the Society for the Reformation of Abandoned Women in Rochester, the Young Women's Christian Association, the Consumers' League, and the Association of Collegiate Alumnae.

While the suffragists were concentrating on their own movement in this period, not a few of these women's clubs sponsored programs for the improvement of the status of women. Much legislation was undoubtedly the result of this general interest. In 1880 a married woman could make or certify to written instruments in the same manner as an unmarried woman; in 1884 the age of consent was raised from ten to sixteen; and in 1884 a married woman could contract in the same manner as an unmarried woman. In 1893 a bill passed making fathers and

mothers joint guardians of children, thus correcting the repeal of 1871; and in the same year a married woman was given the right to make a valid will without the husband's consent. By an act of 1888, strengthened in 1891, police matrons were required in all cities of over 25,000. In 1888 a law was enacted for women physicians to be on the staff of all insane asylums where women were patients.

Thus by the end of the century the New York suffragists were organized with the largest membership of any state in the Union; they were alert to see chances for lobbying; and although they held indignation meetings after each defeat, they started in on fresh campaigns immediately. The working women had their separate organizations, but were little interested in suffrage. The women who had profited by the equal opportunities for education had entered the professions and had organized themselves into clubs for personal and public improvement.

#### THE FINAL VICTORY

The period from 1900 to final victory for the suffrage cause is characterized by the coöperation of the various organizations that had had their formation in the preceding period. For the first time society women, trade unions and clubs all combined to bring new tactics to the suffrage work. At the beginning of the century the National American Suffrage Association was still concentrating its efforts upon a Federal amendment. The movement lost its greatest leader when Miss Anthony died in 1906, but younger women came to the front. New organizations for suffrage now appeared also. The Friends' Equal Rights Association, with a separate association in New York State, was organized in 1900, and the College Equal Suffrage League was formed in 1908. The men also had organized in 1910 as the National Men's League for Woman Suffrage in the United States. In 1913 the National Woman's Party was organized as a seces-

sion group from the National American Association, adopting militant tactics and the policy of holding the political party in power responsible for the failure of suffrage.

But associations against suffrage had also been formed. In 1894, when the constitutional convention was held in Albany, anti-suffrage committees had been formed in Brooklyn, New York and Albany. In 1911 the National Association Opposed to Woman Suffrage was organized, with headquarters in New York City, and the men also organized against suffrage in 1913.

In 1906, after unsuccessful attempts for a taxation bill, the state leaders decided to return to their efforts for a constitutional amendment. When both the national and the state associations held their meetings in Buffalo in 1908 to celebrate the sixtieth birthday of the first woman's rights convention, the state convention voted to maintain headquarters at Albany during the next session of the legislature. In 1909 Mrs. Oliver H. P. Belmont, who had decided to take an active interest in the work for woman suffrage, rented an entire floor in a new office building at 505 Fifth Avenue, New York City, and invited both the national and the state associations to take headquarters there for two years. By the end of that time, the state association was sufficiently financed to remain.

Up to this time the suffrage work had not attracted women who could give it financial support, and when Mrs. Mackay and Mrs. Belmont identified themselves with it public attention was aroused. Meetings were held in August by Mrs. Belmont at the Marble House, which never before had been opened to the public. In 1909 Mrs. Carrie Chapman Catt organized twenty societies of the Inter-Urban Council of New York City into the Woman Suffrage Party, and began a new type of organization along the lines of the political parties.

Each year now bills were presented at Albany, hearings took place and the legislators were deluged with literature and letters.



Attempts were made in 1910 to get the political conventions in the state to put woman suffrage in the platform, but there was no success. In 1910 there were 37 county societies, meetings had been held in almost every unorganized county, and there were 155 clubs in the association which had begun to make the Assembly district the unit, as Mrs. Catt had done in New York City. The association coöperated in a number of big parades in New York during these years, representatives coming from all over the state. On the last Saturday in May there was a night procession down Fifth Avenue. In May, 1911, thousands of women dressed in white, and men from the Men's Suffrage League, following the grand marshal on a white horse, marched from Washington Square to Central Park.

In 1912 all of the political parties declared for woman suffrage in their platforms, and finally, in 1913, the suffrage bill passed both houses. The resolution had to pass the legislature a second time, but this was the beginning of the end. All of the societies favorable to suffrage therefore held a conference and planned for concerted action. Mrs. Catt was prevailed upon to take the chairmanship of the state campaign. From the first it was realized that organization was the key to success and that, to be effective, it had to extend to every polling precinct of the state. For convenience, the state was divided into twelve campaigning districts, each with a chairman. Under these chairmen were 150 assembly-district leaders, and under these were 5,524 election-district captains. In January, 1914, campaign-district conferences and schools for method were held, followed by a convention and a mass meeting in every county. The annual state convention was preceded by a state-wide motor-car pilgrimage, the women speaking and distributing literature from the cars. A program of work was laid out by Mrs. Catt, giving a definite task for each month, and including the raising of a campaign fund of \$150,000. There was a special suffrage edition

of a newspaper in each county, and a house-to-house canvass was made. All kinds of publicity stunts were used, suffrage baseball games, a Fourth-of-July celebration at the Statue of Liberty, a telegram and telephone day, and a threat of a one-day strike, when all women should stay at home. Street-corner speakers also proved effective. The week before the election in 1915, in New York, Buffalo and Rochester, marathon speeches were made continuously for twenty-four hours. On October 23, 1915, there occurred the largest parade for suffrage ever organized in the United States. The result was that the bill passed the legislature the second time; but at the election suffrage was defeated.

But two nights later, at a mass meeting at Cooper Institute, the campaign was started anew with \$100,000 pledged. A reorganization of the state now took place. All of the societies which had coöperated before became consolidated, under the name of the State Woman Suffrage Party, into which the old State Association was merged. Mrs. Catt was again chosen chairman, but, on being elected national chairman, her place was taken by Mrs. Vira Boarman Whitehouse. The result was that the amendment passed the legislature in 1916 and again in 1917, and was ready to be placed before the voters in the fall of 1917. Meanwhile the United States had entered the World War and the suffragists had assisted in taking a military census, but in August Mrs. Whitehouse called a state conference at Saratoga. To help the campaign President Wilson received a delegation of a hundred women and expressed appreciation of their war work and the belief that suffrage should be granted. This was given wide publicity. All of the publicity stunts were repeated, and on October 27 the final parade took place. On election night all of the suffrage headquarters were open to hear the results. Suffrage lost upstate by 1,510, but a surprise came in the New York City vote. Owing to the response of the naturalized immigrants

and the women workers to the house-to-house canvass and the organization in the wards, New York City carried the amendment by 103,863, making a total majority of 102,353.

Success did not mean the abandoning of the state organization, however. It was now decided to make the Federal Amendment the main objective. As it was hoped, when this amendment was finally submitted by Congress on June 4, 1919, that it would be ratified by the state legislatures in time for women to vote for President in 1920, Mrs. Catt persuaded Governor Alfred E. Smith to call a special session, in order that New York should set an example. On June 10 the legislature gave it a unanimous vote, one member not voting.

The State Woman Suffrage Association was then transformed into a Voters League, under the League of Women Voters, which had been organized by Mrs. Catt in March, 1919, for the education of women in American citizenship. This organization has maintained departments on American citizenship, protection of women in industry, child welfare, social hygiene, unification of laws concerning the civil status of women, improvement in election laws and methods, food supply and demand, and research; and, through its efforts and those of other organizations, legislation along these lines has been accomplished. For example, the Village Act of 1910 permitted women to vote for village taxation and improvements; the Child Welfare Board could make allowances to widows; a Bureau of Women in Industry was established in the Department of Labor; and in 1924 salary discrimination in the public schools was prohibited.

### THE SECOND WOMAN'S MOVEMENT

With the suffrage victory one period of the woman's movement seemed to be over. Prejudices and custom had been almost shattered and women were beginning to occupy state positions of prominence. Legislation had even given women a somewhat

privileged status. It seemed fitting that a second movement should be inaugurated, therefore, "against social systems, not men," and with world peace as one of the objectives. In this second movement the women themselves are divided. One faction, following the National Woman's Party, declares for *absolute* equality of the sexes, and in gaining this objective would run the risk of sacrificing the special labor legislation for women; the other would retain the special legislation, and not only improve it but work for the oppressed of both sexes. Both groups, however, seem to lack the concentrated effort that had been called forth by the first movement and its goal-equality.

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